

**DIFFERENTIATION STRATEGY AND PERFORMANCE OF TAXI FIRMS IN
NAIROBI COUNTY, KENYA**

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DECLARATION

I declare that this project is my original work and has not been presented for examination in this or any other University or Institution.

Signature: 


Date.....**27/11/2021**.....

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DEDICATION

This research is dedicated to my husband, Nicholas Malombe, and children, Trevor Mumo, Tiffany Mumo, and Tiana Mumo, for their steadfast support, encouragement, and patience during the course of my studies, as well as their continuing prayers for my success.

God's blessings on you.

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ABBREVIATIONS AND ACRONYMS

BLS	:	Bureau of Labour Statistics
UK	:	United Kingdom
US	:	United States
ANOVA	:	Analysis of Variance

ABSTRACT

Sustainability of performance of firms is currently of much importance more than ever in facilitating the survival and growth of businesses. Many organizations have thus diverted their core focus into gaining competitive edge against their rivals which increases relevancy of implementing differentiation strategies. Differentiation strategy involves looking at utilizing marketing techniques, advertisement and sales in enhancing return. Success in differentiation will transform organizations from price-based competitions to non-price-based competitions or promotions in gaining competitive advantage. However, most local taxi firms in Kenya have failed to effectively formulate and adopt the differentiation strategies with the sector not been fully sustainable in the recent past which calls for an evaluation in this developing paradigm. The objective of the study was to determine the relationship between differentiation strategy and sustainable business performance of taxi firms in Nairobi County, Kenya. Two theories formed a guide for this study namely Contingency Theory and Winton's Theory. In this study, a descriptive research design was used. The study population was all the local taxi firms in Kenya where a census approach was adopted so as to encompass all the 60 taxis that have been operational for at least 3 years according to the records held by the taxi association of Kenya. Data for the study was collected using questionnaires which were structured into sections; each section addressing a specific research objective. Descriptive statistics including mean, frequencies and standard deviations, and inferential statistics including correlation and regression analysis were employed in the data analysis. The data was then presented in tables and figures. From the descriptive statistics results, the study found out a large extent on the adoption of the differentiation strategies including Value-based Services ($\bar{x}=4.23$), Core Competencies ($\bar{x}=3.98$), Technology innovations ($\bar{x}=3.84$), and Advertising and promotions ($\bar{x}=3.70$). From the correlation analysis results, all the research variables including Value-based Services ($r=0.367$, $p<0.05$), Core Competencies ($r=0.526$, $p<0.05$), Technology innovations ($r=0.513$, $p<0.05$), and Advertising and promotions ($r=0.180$, $p<0.05$) were established to have a positive and significant effect on the performance of the taxi firms. From the regression analysis results, the differentiation practices studied were found to explain 57.4% of the variations in performance of the taxi firms ($R^2=0.574$). According to the study, differentiation approaches have a considerable positive influence on taxi company success. The study recommends that management prioritize strategy formulation in their businesses' strategies in order to improve and expand strategy use. According to the study, taxi businesses should invest more in differentiating their services by constantly enhancing client interactions, vehicle kinds, and customer service. The research also recommends that the government and other regulatory bodies enact favorable legislation to facilitate the adoption of corporate differentiation strategies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Sustainability of performance of firms is currently of much importance more than ever in facilitating the survival and growth of businesses. Many organizations have thus diverted their core focus into gaining competitive edge against their rivals which increases relevancy of implementing differentiation strategies (Wakhu, & Bett, 2019). Differentiation strategy involves looking at utilizing marketing techniques, advertisement and sales in enhancing return. Success in differentiation will transform organizations from price-based competitions to non-price-based competitions or promotions in gaining competitive advantage (Banker, Mashruwala & Tripathy, 2014). However, most local taxi firms in Kenya have failed to effectively formulate and adopt the differentiation strategies with the sector not been fully sustainable in the recent past which calls for an evaluation in this developing paradigm.

Theoretically, differentiation strategy recognizes that there is heterogeneity in the needs and preferences of customers and this may be manipulated to boost customer loyalty (Kimno, Njuguna, & Mwaura, 2019). According to Portfolio Theory, through differentiation the firm is able to reduce fluctuations in the revenues accrued or incomes hence leading to improvement on the financial performance (Eiteman, 2016). However Winton's (1999) theory of a non-linear differentiation effect postulates that the application of differentiation strategy can result in either positive or negative effects depending on the underlying factors (Gambacorta, Scatigna & Yang, 2014). This compares with Contingency Theory which holds that different strategies will result in different outcomes depending on the varying surrounding contingency factors. Therefore, businesses that lack distinctive features or are

imitative of their competitors have been established to poorly perform and more likely to collapse (Sharma, & Das, 2017).

In the taxi business, though differentiation strategy practices may be limited, their importance cannot be underscored in capturing more markets (Atikiya, 2015). In Kenya, the sector is characterised by not only increased competitiveness, but also interrelatedness of demand and supply which makes profitability difficult. With the advancements in technology, price is no longer the determining factor in the taxi firms as the customers can easily compare and assess another favourable alternative (Ang'asa, 2017). Entry of new international app-based services like Uber or Little Cab further intensifies the already heightened competition. Although according to BLS, (2016), revenue from the taxi sector is expected to grow by 13% by 2024 enhancing sustainable performance is still a challenge for the sector. Though various strategies have been formulated and implemented in attempt of revamping the taxi industry, the desired end results are yet to be obtained (Tay & Choi, 2016) and this will be the focus of this study.

1.1.1 Concept of Strategy

According to Porter, (2012) strategy refers to an approach adopted by a firm in achieving the set organizational objectives. In this regard, differentiation strategy is whereby the organization will take a distinctive approach through offering unique products and services. Similarly, Strickland, and Thompson, (2007) terms differentiation as a management strategy that intends in creating uniqueness in the productions of a business. Kaplan and Norton, (2005) further adds that differentiation may also include physical aspects including design, space, location or displays to attract customers.

The main function of differentiation strategy is developing a business position which prospective customers will perceive to be unique and satisfactory to their demands (Afonina,

2015). This strategy when well executed has been found out to result in exclusivity as well as increased significance of the business brought about by the increased value (Sharma, & Das, 2017). Business practices that may be differentiated include quality, product features, value added services and nature of customer service. As the customers will be more concerned with quality and uniqueness of the products price will not be determining factor.

Differentiation strategy may be operationalized in terms of unique product features or benefits, incentives given to the customer programs, advertisements, coupons and promotions, core competencies of the firm, technology innovation and improved service delivery (Mpuga, 2017). The effectiveness of a differentiation strategy will therefore be based on its impact on customer loyalty to the brand, level of profitability and market recognition or dominance of the organization (Yuliansah, Rammal, & Rose, 2016). In this study, the focus was differentiation in the taxi sector which will include value added services, core competencies, advertisements and promotions, and technology-based innovations.

1.1.2 Sustainable Business Performance

According to Cook, (2017) business performance describes the rate of attainment of organizational outcomes. In a similar manner Madanchian, Hussein, Noordin and Taherdoost (2016) also defines organizational performance as the conversion of available inputs such as resources to more tangible firm outcomes. Business performance may also be termed the effectiveness of maximizing resources by a firm (Bennett, James, & Klinkers, 2017). Sustainability in performance hence implies that there is continued productivity and growth in a uniform manner through creation of long term value of the entity to the stakeholders and public (Thomas, 2019).

Management of performance is essential in enabling an organization to deliver its contributions predictably by sustained creation of value (Van Dooren, Bouckaert & Halligan,

2015). Business performance may be categorized into four main groups including, internal processes, open system interactions, human relations and rationality of goals assessed against changes in these variables. Monitoring of the organizational performance is thus paramount in ensuring that deliverables are continuously attained. Additionally, the organization should be able to match or surpass the performance of competitors in remaining dominant competitive-wise (Mwai, 2018).

Measuring of business performance covers three key aspects which include; financial, product market and shareholder returns (Njeri, 2017). Financial aspect refers to financial ratios of the organizations such as returns on asset, investment or equity and profitability, product market includes market dominance and sales whereas shareholder returns include indicators such as economic value and dividends. Further to ensure that the performance attained is sustainable these aspects of financial performance are measured jointly using the balanced scorecard method (Constandache, & Chiru, 2016). In this study, the balanced score card approach of assessing sustainability of performance was used which encompassed customer loyalty, customer satisfaction, customer base and market value measured against the profits obtained by the local taxi firms in Nairobi.

1.1.3 Taxi firms in Nairobi County, Kenya

Taxi service sector is defined as vehicles being hired for a short duration without any specified schedules or routes (Occhiuto, 2017). The amount to be paid is dependent on the distance covered by the passenger being carried and the journey time. In Kenya, taxi have been operational from the 1960s and form a valuable form of transport for those seeking fast, private and personalized mode of transport. Taxi firms in Nairobi are either owned by corporate companies which have fleet of vehicles or private individuals owning their own personal vehicle(s) (Onyango, 2016). Due to the competitive nature of the sector, customer

value management is of high priority through differentiated customer services and products in achieving brand loyalty and customer satisfaction.

Taxi firms in Nairobi are categorized into two main groups including the traditional taxi firms and new technology-based taxi firms (Mutai, 2017). The traditional taxi operators are the pioneers of the industry who have fleet of taxis under their name which are well recognized. They offer an array of services such as corporate taxi service, vacation travels, airport transfers and car hires. The taxi owners under this category mostly park their vehicles in strategic joints in attracting passengers. Technology based taxis encompasses local and international taxi operators that have transformed the taxi sector in Kenya. Entry on new players into the market such as Little Cab, Bolt and Uber have caused an over haul in the system by introducing advanced and more economical services (Ang'asa, 2017).

Relevance of taxis in Kenya is attributed is brought about by the fact that the public transport is currently inconvenient, slow or unreliable (Wakhu, & Bett, 2019). Additionally, public transport is not available in some areas or private vehicles are not usable due to issues arising from congestion, bad roads, insecurity or lack of packing space. Therefore, taxis form a reliable alternative to either substitute or compliment the other modes of transport (Rayle et al., 2014). Yet, the continuing rivalry and competition between the traditional taxis and technology-based taxis in Kenya has diminished the returns obtained from the sector. This has seen some of these traditional taxis transform into being app-based leading to emergence of newer entrants such as Teke Taxis, Mondo Rides, Dandia and Mara Moja to curb the competitions.

1.2 Research Problem

Most firms find it difficult to perform as evidenced by increased cases of collapse, insolvency and stagnated growth of organizations (Edgar, 2020). Aspect of this uncertainty has resulted

in emergence of new ways for individuals and organizations to carry out businesses which has drastically increased the importance of differentiation as a key management strategy (Bucher, Fieseler, & Lutz, 2016). Organizations thus endeavour to develop differentiation strategies to gain a competitive edge against rivals and increase growth and performance. However, these new opportunities brought about by globalization, changes in customer preferences and technology advancement are yet to be fully utilized in alleviating performance which raises concern on the effectiveness of the available differentiation strategies (Augier, & Marshall, 2017; Jain, & Mandot, 2020).

According to Coulson-Thomas, (2017) competing with rivals on a similar dimension is major shortcoming of any strategy which sensitizes the need for differentiation more so in the taxi sector (Deloitte & Touche, 2015). However, in Kenya the taxi sector is characterised with intense competition from the numerous players of the transport sector which has resulted in dismal performance for the past ten years (Wakhu, & Bett, 2019). The sector is further faced by challenges such as traffic congestions, insecurity, poor roads and strict regulations which makes high profitability far from being attainable. Though some taxi operators are attempting to adopt new innovations such e-hailing services and ride sharing services, low performance persists which calls for an understanding of the role of differentiation strategy in enhancing competitiveness of these local taxi firms (Onyango, 2016; Ogeto, 2019).

Empirically, findings of the studies conducted have been contradictory. Some scholars established a positive relationship such as Appah, (2018) who studied taxicab business strategies in Minneapolis, Minnesota. Njeri, (2017) results found out that differentiation practices by offering unique products or services had a positive association with milling factories' performance. Odunayo, (2018) also revealed that organizations which pursued differentiation strategy were in a better opportunity of offer higher priced products hence increased profitability. In a similar manner, Islami, and Borota (2020) incorporating

differentiation practices significantly affects the levels of returns. This concurs with Parnell, and Brady, (2019) who also established that differentiation was significantly linked to financial performance of firms in UK. On the contrary, other studies such as Widuri, (2019) argued that differentiation strategy portrays a negative impact on earnings. The study compares with findings of a study by Mohammadi, Fathi, and Kazemi, (2019) that as compared to other proxies of performance, differentiation had the least effect. On the other hand, Suryanto, and Anggraini, (2020) found out that differentiation strategy is not a guaranteed marketing tool as compared to cost leadership.

This shows that despite the recognized importance of differentiation strategies, the studies conducted have not obtained uniformity in the findings. The studies conducted have also largely focused on the financial aspect of the business performance with little regard to the sustainability aspect. In addition, there is scarcity of studies conducted focusing in the taxi sector especially locally in Kenya despite the vulnerability of the sector. Investigating the effect of differentiation strategy intervention was therefore necessary in combatting the challenges faced by these local taxi firms in attaining superior performance by improving the competitive advantage and subsequent earnings and revenue from the sector. This study aimed at addressing this eminent research gap and addressed the research question; what is the relationship between differentiation strategy and sustainable business performance of local taxi firms in Nairobi County, Kenya?

1.3 Research Objectives

1.3.1 General Objective

The main objective of the study was to determine the relationship between differentiation strategy and business performance of local taxi firms in Nairobi County, Kenya

1.3.2 Specific Objectives

The study was guided by the following specific research objectives:

- i. To determine the effect of value-based services on business performance of local taxi firms in Nairobi County, Kenya.
- ii. To determine the effect of core competencies on business performance of local taxi firms in Nairobi County, Kenya.
- iii. To determine the effect of technology innovations on business performance of local taxi firms in Nairobi County, Kenya.
- iv. To establish the effect of advertising and promotions on sustainable business performance of local taxi firms in Nairobi County, Kenya

1.4 Value of the Study

This study aims at finding out the importance accrued from the adoption of differentiation strategies on how local taxi firms perform. The findings of the study will therefore be of much benefit to not only the shareholders in these taxi firms but also the public, the government and academicians as well. To begin with, the taxi firm owners could be enlightened on the efficiency of the differentiation strategies they have employed in their firms in enhancing performance. The results and recommendations might thus be useful in ensuring that only the most appropriate strategies are implemented. This will help the taxi firms prevent insolvency and facilitate growth and prosperity of the firms by gaining a competitive edge over their rivals.

The will shed light into how the performance of the taxi firms may be enhanced through implementation of proper differentiation strategies. The findings and recommendations will be of importance to policy makers as this study might help the government of Kenya through the Ministry of Transport and Infrastructure formulate policies which will favour the adoption of these strategies in the taxi firm hence improving their contribution to the economy.

Additionally, this study will also aim at contributing to the available literature on differentiation. Scholars and researchers will find the study as a crucial source of information in their research. This will go a long way in filling the available research gaps and will form a basis through which further studies in the area may be undertaken.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter encompasses a review of relevant literature pertaining to the research topic. The chapter begins with the theoretical review on the theories which will anchor the study discussing the proposition and implications to the study. This is followed by empirical literature on studies conducted on differentiation strategies with emphasis being on the

methodologies and findings. The chapter concludes with the conceptual framework, summary and research gaps identified.

2.2 Theoretical foundation of the study.

Two theories formed a guide for this study namely Contingency Theory and Winton's Theory.

2.2.1 Contingency Theory

Contingency Theory was proposed by Woodward (1958) and later developed by Pike, (1986). managerial requirements and success vary significantly from firm to firm and that there is no definite approach in designing and implementing management strategies. The theory as described by Sauser, Reilly and Shenhar, (2009) holds that variation in contextual factors of the organization and changes in environmental dynamics makes it impossible in having one uniform way of managing organization. Factors such as technological advancement, resource availability, technical capacity and macroeconomic environment cause differences in the operations of the organizations (Granlund, & Lukka, 2017).

Based on this theory, positive impact on the organizational performance will only be attained when there is a balance between the contextual factors and organizational settings. Empirical studies conducted have also supported the relevancy of this theory in describing variation of performance of organizations (Otley, 2016; Kulkarni, 2017). However, the theory has been criticized for lacking flexibility and failing to account for the variability in the organizations (Csaszar, & Ostler, 2020).

The importance of the theory to the study is in predicting that the impact of the differentiation strategies is dependent on the contingent upon the suitable variables. Additionally, the impacts of the differentiation strategy on performance of one organization will tend to differ to that of another organization based on this theory. Therefore, the taxi firms should first

evaluate their internal factors prior to the adoption of any particular differentiation strategy for increased sustainable performance to be realized.

2.2.2 Winton's Theory

This theory was introduced by Winton (1999) in describing what guides strategic choices in organizations. The theory holds that increasing the options of a firm through diversification creates a portfolio upon which the firm is able to minimize any losses incurred. Based on this theory, increased diversification portfolio leads to reduced risks faced by firms as well as reduction on the probability of business failure. The assumption is that these diversification act as a cushion to the organization such that in case on aspect of the firm is threatened, the other avenues continue to thrive.

The importance of the theory is that it sensitizes on the motive and relevance of applying diversification strategies in firms. Therefore, application of differentiation strategy can result in either positive or negative effects depending on the underlying factors (Gambacorta, Scatigna & Yang, 2014). The results will much depend on the specific factors underlying the various taxi firms. In addition, implementation of variety of diversification is theorized to increase the contribution to the performance.

2.3 Empirical Literature and Research Gaps

Differentiation strategy initially proposed by Porter provides an opportunity for business to attain the best price whilst ensuring they remain competitive (Pehrsson, 2016). Key emphasis is laid on unique features which the rival competitors may not be able to fully imitate hence strengthening competitiveness. With more sales value and volume brought about by the differentiation, the firm will be able to attain a higher market share translating to improved profitability. Namusonge, (2014) did a cross sectional design study focusing on two hundred and ten firms. The results of the study were that core-competencies including leadership,

organization knowledge and strategic thinking significantly influenced the performance. These core competencies were established to also positively affect the competitiveness of the firms. This current study aimed at establishing whether the same positive correlation exists among the local taxi firms.

To determine the effect of advertising on performance, Sridhar, et al., (2014) evaluated advertising spending among US listed manufacturing organizations. The study used panel regression models and Tobin Q in the analysis of data. The findings of the study were that in the short term advertising had a significant effect on performance. However, the effect of advertising spending on the long term organizational performance of the manufacturing firms was not established to be significant.

Ojwang, (2015) analyzed all the 40 fast moving companies operating in Nairobi County in relation to the impacts of promotion strategies adopted. Using correlation analysis, the study came to the conclusion that promotion strategies including advertisement, sale promotion and marketing positively affected the performance. However, the scope of the study was limited to the fast moving consumer firms which may not be generalized to the local taxi firms in Nairobi County, Kenya.

Zhao, et al., (2015) conducted a study on the role of value based procurements on the how hospitals performed. The study found out that hospitals which were less efficient in their procurement reported relatively lower satisfaction of the patients and reduced performance as opposed to the more efficient hospitals. The study also found out that the size of the hospital, ownership and resources played a moderating effect on the performance. The scope of the study was however limited only to the hospital setting and therefore cannot be equally compared to the local taxi firms.

Selamat, and Shafie, (2015) did a study on competitiveness of taxi firms using primary data in the data collection. The study sampled one hundred respondents and found out that

customer and service quality were the key competencies among these taxi firms. The study also found out that these competencies significantly affected the competitive advantage. However, the study did not investigate the nature of effect on the overall performance of the taxi firms.

Terho, et al., (2015) investigated the effect of value based selling on sales performance of large organization. The sample size of the study was 816 sales persons and organizational directors in these large firms. The study established that value based selling improved the performance. This is in line with Mishra and Phung, (2016) who undertook a research on differentiation among listed Vietnamese firms (2007-2012). An econometric estimation was used in determining the casual effects among the research variables. The results of the study showed that lack of corporate governance led to the outcomes of corporate differentiation from being realized.

Berg, (2016) did a study focusing on differentiation strategy among Indian listed firms (2006-2015). The study used a mixed explanatory approach aimed at explain factors affecting the cost & benefits of the diversified firms. The results of the study revealed that as compared to the non-diversified firms, the diversified firms had improved performance brought about by value based services. The study was done from an international setting hence cannot be equally compared to the local setting in Kenya.

Methu, (2018) investigated technology advancements on operations of taxis based in Nairobi. The results showed that application of various technology advancements led to increased flexibility and profitability of the firms. This coincides with a study conducted by Wakhu, and Bett, (2019) on performance of taxis in Kenya; case of Uber and established that differentiation strategy was a crucial determinant of the performance of these firms by enabling competitive advantage.

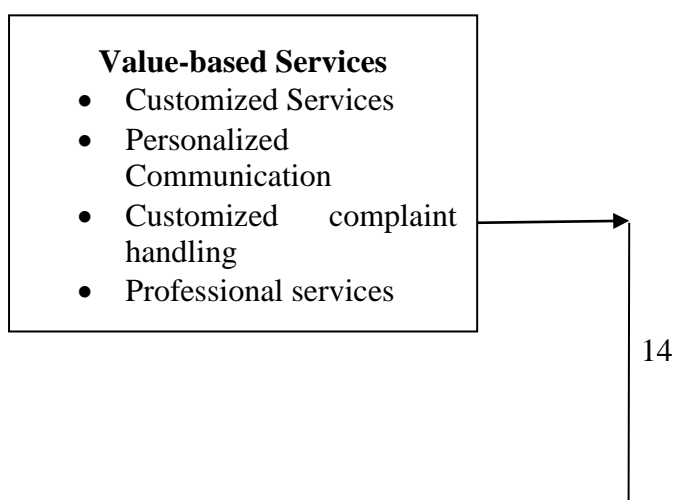
Sánchez-Torres, et al., (2020) conducted a research on use of mobile application among taxis in Colombia. The study used a quantitative approach and technology-acceptance-theory. The findings of the research where that technology provides a boost to the service delivery of the taxis. Specifically, taxis which used the mobile applications were found to attract more customers as compared to the traditional based taxis. This current study aimed at ascertaining the same among local taxis in Nairobi County, Kenya.

Similarly, Mokaya, et al., (2017) conducted a study on how airlines in Kenya have market positioned themselves in the industry. Using 215 employees, the study found out that market positionally improved the performance of the airlines to a great extent. This coincides with Nguyen-Phuoc, and Johnson, (2020) who evaluated customer loyalty among Vietnamese firms using Equation-Modelling and revealed that promotion codes and coupons attracted numerous customers to the taxis which tend to enhance the their profitability.

Rodriguez-Valencia, Paris, and Cala, (2020) researched mobile internet applications in terms of behaviors of the taxis and how they operated. The study showed that advancement in technology in the sector of communication has drastically changed how the taxis operated. The findings compare to those of Chege, et al., (2020) on the impact of information technology innovation on how forms performed and concluded that there was a positive drive brought about by the technology advancement.

2.4 Conceptual Framework

Figure 2.1 shows the conceptual framework for the study.



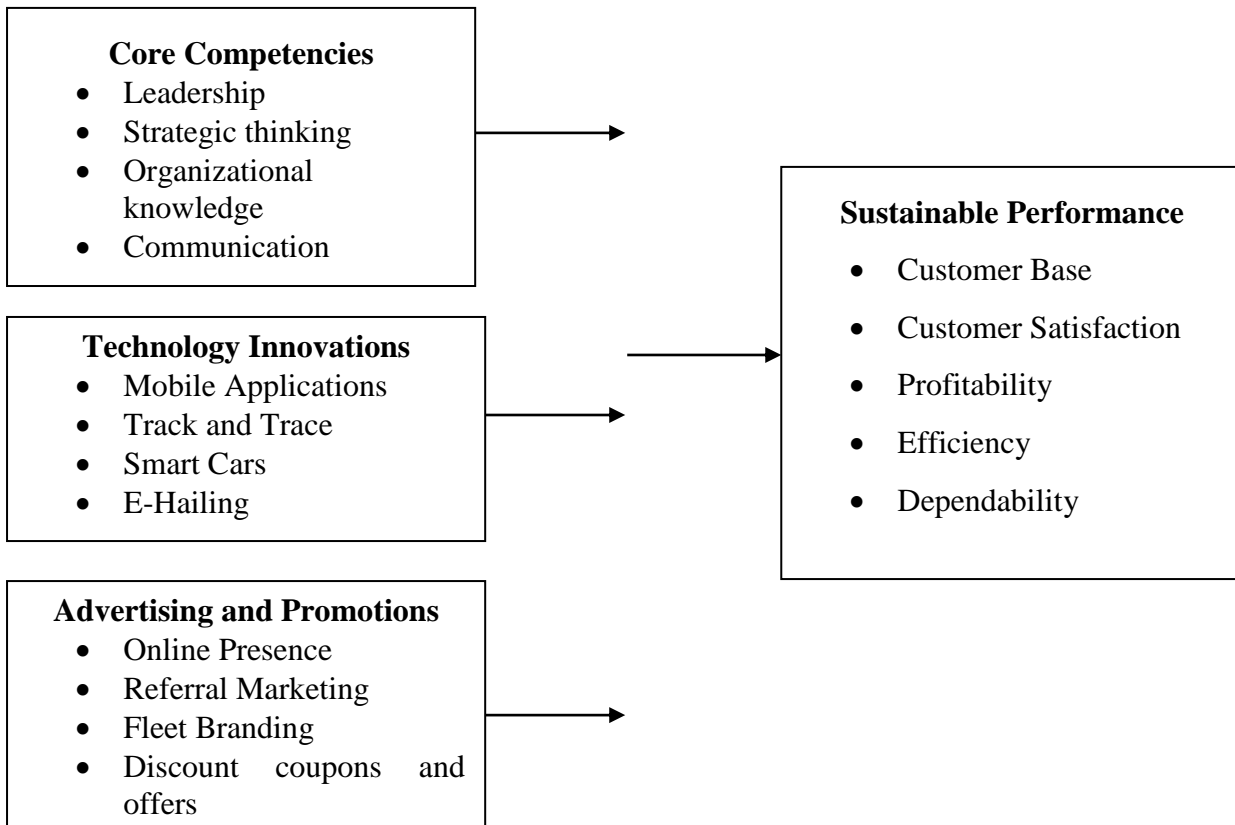


Figure 2. 1: Conceptual Framework

2.5 Summary of Reviewed Literature and Research Gaps

Formulation and implementation of strategies has been established to be paramount in helping organization remain relevant and gain sustainable competitive advantage (Chege, Wang, & Suntu, 2020). However, the discussion on the effect of differentiation on financial performance is far from over. Theoretically, the available theories including Portfolio and Winton Theory are in support of differentiation strategies on performance. Empirical findings also reveal that majority of the studies conducted are in support of differentiation strategy as an important strategic approach of offering unique products (Muthuri, 2019).

Conversely, other studies contradict this, indicating that adoption of differentiation strategy is not a guarantee of sustainable performance (Yuliansah, Rammal, & Rose, 2016; Kimno,

Njuguna, & Mwaura, 2019). Other studies argue that differentiation leads to financial distress of organization or additional costs incurred which reduce performance (Chege, Wang, & Suntu, 2020). While other studies argue that organizations depends on contingent factors rather than only differentiation which shows a contradictory result among the studies. Therefore, there still remains insufficiency in literature with there being scarce studies conducted locally particularly in Taxi firms and this formed the backdrop for this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology describes the approach which was undertaken in conducting the study giving insights on relevant information on how each research objective was addressed. Specifically, the chapter explains the design of research adopted by the study, population to be targeted, collection of data as well as the analysis techniques of the collected data.

3.2 Research Design

As described by Kothari and Garg, (2014) a research design is an approach or outline which enables realization of the set objectives of the study. The research design should be able to provide a systematic inquiry and methodology of how the study was conducted. In this study, a descriptive research design was used. According to Cresswell and Clark, (2017) descriptive research design not only facilitates establishment of a detailed profile of the research variables, it also enables determination of any association that exist by precise description of the events, persons or situations. Further, it minimizes any biasness or interferences by the researcher hence the most appropriate for this study.

3.3 Population of the Study

The study population was all the local taxi firms in Kenya. As such, only the local taxi firms that are operating in Nairobi County, Kenya were targeted. This comprised of both traditional taxi firms and new technology-based taxi firms that have been operational for at least 3 years according to the records held by the taxi association of Kenya as per appendix I. The three year duration was selected so as to enable determination of differentiations which have occurred in the sector and how this has affected the performance of the firms. A census approach was adopted by this study so as to encompass all the 60 taxis as per Table 3.1.

Table 3. 1 Study Population

Category	Population
Traditional Taxi Firms	29
New Technology-based Taxi Firms	31
Total	60

3.4 Data Collection

Data for the study was collected using questionnaires which were structured into sections; each section addressing a specific research objective. Development of the questionnaire was guided by the available literature review and further direction given by the supervisor. The researcher sought prior appointments in order to prevent any inconveniences. Follow ups were undertaken through emails and calls to remind the respondents as well as check on the data collection process.

3.5 Data Analysis

After the questionnaires are received back, they were coded and tabulated. Coding allowed transferability of data to the computer. Tabulation enabled the data to be arranged in an orderly manner. Descriptive statistics including mean, frequencies and standard deviations, and inferential statistics including correlation and regression analysis were employed in the data analysis. The data was then presented in tables and figures.

The format of the regression model will be:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where; α is model intercept, β_1 - β_4 are the various intercepts, Y is Sustainable Business Performance, X_1 is Value-based Services, X_2 is Core Competencies, X_3 is Technology innovations, X_4 is Advertising and promotions and ε is the error term.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter summarizes the findings of the study's data collection, analysis, and interpretation. The study's primary objective was to see whether there was a link between differentiation strategy and commercial success of local taxi companies in Nairobi County, Kenya. The study response rate, background information, descriptive and inferential analysis, including correlation and regression analysis, are all included in this chapter. The chapter comes to a close with a discussion of the most important findings.

4.2 Response Rate

Owners, managers, directors or their equivalents in the local taxi firms that are operating in Nairobi County, Kenya were targeted by the study. As a result, 60 questionnaires were distributed, with 49 being fully completed and returned, resulting in an 82 percent response rate which was considered to be more than sufficient in addressing the research objectives (Mugenda & Mugenda, 2008). The response rate of the study is shown by Table 4.1.

Table 4.1: Response Rate

Response Rate	Frequency	Percentage
Responded	49	82%
Not Responded	11	18%
Total	60	100%

4.3 Background Information

This section represents the background information in relation to the study namely; duration of operation of the firm, number of taxis, position of the respondents and the category of the taxi firm.

4.3.1 Category of the Respondents

On the category of the respondents, 29% (14) were taxi owners, 35% (17) were line managers, 18% (9) were firm directors while the remaining 18% (9) were partners. This shows that the respondents were actively involved in the taxi firms' operation hence conversant with the study topic.

Table 4. 2 Category of the Respondents

Category	Frequency	Percentage
Taxi Owner	14	29%
Line Manager	17	35%
Partner	9	18%
Firm Director	9	18%
Total	49	100%

4.3.2 Duration of operation of the taxi firms

This section sought to find out the duration of operation of the taxi firms. The results as per Table 4.3 revealed that 33% (16) had been operation for more than 10 years, 20% (10) for 7 to 10 years, 18% (9) for 1 to 3 years, 16% (8) for 4 to 6 years while 12% (6) for less than a year. This suggests that the most of the businesses (70%) have been in business for more than three years.

Table 4. 3 Duration of operation of the taxi

Duration	Frequency	Percentage
Less than 12 months	6	12%
1–3 years	9	18%
4–6 years	8	16%

7-10 years	10	20%
10 years and above	16	33%
Total	49	100%

4.3.3 Number of Taxis

This section sought to find out the number of taxis per the taxi firms. The findings as shown by Table 4.4 indicate that most of the taxi firms had more than 50 taxis (43%), 12% (6) had 21 to 50 taxis, 33% (16) had 6 to 8 taxis, 8% (4) had 11 to 20 taxis while 4% (2) had 1 to 5 taxis. This is an implication that majority of the firms (>60%) had more than 10 taxis hence considerably large in size.

Table 4. 4 Number of Taxis

Number of Taxis	Frequency	Percentage
1-5	2	4%
6-8	16	33%
11-20	4	8%
21-50	6	12%
More than 50	21	43%
Total	49	100%

4.3.4 Category of Taxi Firm

The study also aimed at determination of the category of the taxi firms. The results obtained as shown by Table 4.5 indicate that majority of were new technology-based taxi firms (69%) while 31% were traditional firms.

Table 4. 5 Category of Taxi Firm

Duration	Frequency	Percentage
Traditional	15	31%
New Technology-based Taxi Firms	34	69%

4.4 Differentiation Strategies among Taxi Firms in Nairobi County, Kenya

The main objective of the study was determination differentiation strategies among taxi firms in Nairobi County, Kenya. Specifically, four differentiation strategies were investigated including Value-based Services, Core Competencies, Technology innovations, and Advertising and promotions.

4.4.1 Value-based Services

The study sought to determine the extent of adoption of value based services among local taxi firms in Nairobi County, Kenya. Table 4.6 represents the findings obtained.

Table 4. 6 Value-based Services

Statement	Mean	Std. Deviation
Customized services as per the customers' needs	4.29	1.2748
Having personalized communication with the customers	3.93	1.3493
Handling customer complaints in a fair and organized manner	4.47	1.0021
Being professional in offering the taxi services	4.49	1.2403
Introduction of new services as per the taste and preferences of the customers	3.95	1.2920
Average Mean score	4.23	1.2317

As per Table 4.6, a very large extent was indicated on customized services as per the customers' needs, handling customer complaints in a fair and organized manner and being professional in offering the taxi services having means of 4.29, 4.47 and 4.49 respectively. A large extent was also stated on having personalized communication with the customers and

introduction of new services as per the taste and preferences of the customers having means of 3.93 and 3.95 respectively. From the descriptive statistics results, it was deduced that many respondents strongly agreed with the statements on value-based services implying a very large extent of adoption among the taxi firms as indicated by an overall mean of (\bar{x} =4.23).

4.4.2 Core competencies

The study sought to determine the extent of effect of core competencies among local taxi firms in Nairobi County, Kenya. Table 4.7 represents the findings obtained.

Table 4. 7 Core competencies

Statement	Mean	Std. Deviation
The taxi firms are led by enthusiastic and well organized leadership	3.71	1.3844
There is strategic thinking among the management and staff of the taxi firms	3.80	1.4286
Organizational knowledge is a necessity in managing the taxi firms	3.82	1.3945
Proper communication is maintained throughout the operations of the taxis	4.55	0.6789
The taxi personnel are well trained in undertaking their delegated duties	4.03	1.3338
Average Mean score	3.98	1.2440

As shown, the respondents indicated a very large extent on proper communication is maintained throughout the operations of the taxis and the taxi personnel are well trained in undertaking their delegated duties having means of 4.55 and 4.03 respectively. The respondents also stated a large extent on the taxi firms are led by enthusiastic and well organized leadership, there is strategic thinking among the management and staff of the taxi firms and organizational knowledge is a necessity in managing the taxi firms having means of 3.71, 3.80 and 3.82 respectively. From the descriptive statistics results, it was noted that many respondents agreed with the statements on core competencies among the taxi firms showing a large extent of adoption as indicated by an overall mean of (\bar{x} =3.98).

4.4.3 Technology Innovations

The study sought to determine the extent of adoption of technology innovations among local taxi firms in Nairobi County, Kenya. Table 4.8 represents the findings obtained.

Table 4. 8 Technology Innovations

Statement	Mean	Std. Deviation
There is the use of mobile applications in hiring and booking of the taxis	4.67	1.1788
Track and trace has been innovated in monitoring the movements of the taxis	3.35	1.6527
Smart Cars are slowly being embraced for being economical	3.41	1.3216
E-Hailing has been introduced in order to attract more customers	3.94	1.1256
Average Mean score	3.84	1.3197

The results as per Table 4.8 showed a very large extent was noted by the respondents on there is the use of mobile applications in hiring and booking of the taxis having a mean of 4.67. A large extent was also indicated on e-hailing has been introduced in order to attract more customers with a mean of 3.94. However, a moderate extent was argued on track and trace has been innovated in monitoring the movements of the taxis and smart cars are slowly being embraced for being economical having means of 3.35 and 3.41 respectively. As per the descriptive statistics results, the respondents agreed with the statements on technology innovations among the taxi firms showing a large extent of adoption as indicated by an overall mean of (\bar{x} =3.84).

4.4.4 Advertising and promotions

The study sought to determine the extent of adoption of advertising and promotions services among local taxi firms in Nairobi County, Kenya. Table 4.9 represents the findings obtained.

Table 4. 9 Advertising and promotions

Statement	Mean	Std. Deviation
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Online presence is ensured in the social media platforms	3.71	1.4142
Referral marketing has been adopted in attracting new customers	3.13	1.4720
Fleet Branding in used in marketing the taxis	3.55	1.4586
Discount coupons and offers are embraced in enticing new customers	4.04	0.8888
There are paid promotions undertaken in attempts of increasing sales	4.08	1.4838
Average Mean score	3.70	1.3435

The findings showed that to a very large extent, discount coupons and offers are embraced in enticing new customers and there are paid promotions undertaken in attempts of increasing sales with means of 4.04 and 4.08 respectively. A large extent was also noted on online presence is ensured in the social media platforms and fleet branding in used in marketing the taxis having means of 3.71 and 3.55 respectively. However, a moderate extent was revealed on Referral marketing has been adopted in attracting new customers with a mean of 3.13. From the descriptive statistics findings, the respondents agreed with the statements on advertising and promotions among the taxi firms showing a large extent of adoption as indicated by an overall mean of ($\bar{x}=3.70$).

4.5 Business Performance Of Taxi Firms In Nairobi County, Kenya

Table 4.10 represents the findings obtained on the performance of taxi firms.

Table 4. 10 Performance Of Taxi Firms

Statement	Mean	Std. Deviation
Customer Base is growing	4.06	0.7933
Customer Satisfaction has been enhanced	3.86	1.2076

The profitability of the company has improved	3.90	1.3581
Client expectations are met with minimum expenditure	4.22	0.9632
The services of the company are dependable	4.23	1.6670
Average Mean score	4.05	1.1978

With means of 4.06, 4.22, and 4.23, a very big extent was suggested on Customer Base is rising, Client expectations are satisfied with little expense, and The company's services are trustworthy, as shown in Table 4.10. Customer satisfaction has increased to a considerable level, and the company's profitability has improved as well, with mean scores of 3.86 and 3.90, respectively. According to the descriptive statistics findings, many respondents strongly agreed with the claims about taxi company performance, implying a very great extent on performance improvement, as demonstrated by an overall mean of ($\bar{x}=4.05$).

4.6 Inferential Analysis

4.6.1 Correlation Analysis

Table 4.11 summarizes the results of the Correlation Analysis.

Table 4. 11 Correlation Analysis

		Performance	Value-based Services	Core Competencies	Technology innovations	Advertising and promotions
Performance	Pearson Correlation	1	.367**	.526**	.513**	0.180**
	Sig. (2-tailed)		0.0	.000	.000	.002

Value-based Services	Pearson Correlation	.367**	1.0	.051	.213	.258
	Sig. (2-tailed)	.010		.729	.142	.074
Core Competencies	Pearson Correlation	.526**	0.1	1	.058	-.042
	Sig. (2-tailed)	.000	0.7		.692	.774
Technology innovations	Pearson Correlation	.513**	0.2	.058	1	.189
	Sig. (2-tailed)	.000	0.1	.692		.195
Advertising and promotions	Pearson Correlation	0.180**	0.3	-.042	.189	1
	Sig. (2-tailed)	.002	0.1	.774	.195	
	N	49	49	49	49	49

From the Pearson Coefficient, all the research variables including Value-based Services ($r=0.367$), Core Competencies ($r=0.526$), Technology innovations ($r=0.513$), and Advertising and promotions ($r=0.180$) have a positive effect on the performance of the taxi firms. Based on this also, core competencies had the most impact on performance while advertising and promotion had the least. Therefore a unit change in these variables will result in an unit change on the taxi firms' performance. The effect of the variables was significant at 95% significance level as the p-values were less than 0.05. This means that they were able to predict the changes in the performance of the taxi firms.

4.6.2 Regression Analysis

The results of the regression analysis as shown by Table 4.12 demonstrates that the differentiation strategies investigated account for 57.4 percent of the variability in taxi business performance ($R^2=0.574$).

Table 4. 12 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.757a	.574	.0535	0.546

a. Predictors: (Constant), Advertising and promotions , Core Competencies, Technology innovations, Value-based Services

The model in Table 4.13 was found to be valid at 99% level of significance as the p-value was less than 0.01 as per Table 4.13 confirming its effectiveness.

Table 4. 13 Model Validity

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	17.657	4	4.414	14.806	.000a
Residual	13.118	44	0.298		
Total	30.776	48			

a. Predictors: (Constant), Advertising and promotions , Core Competencies, Technology innovations, Value-based Services

b. Dependent Variable: Performance

From the model coefficients, all the variables including Value-based Services ($\beta_1 = 0.239$), Core Competencies ($\beta_2 = 0.296$), Technology innovations ($\beta_3 = 0.223$) and Advertising and promotions ($\beta_4 = 0.036$) were found to affect the performance of the taxi firms positively. This implies that an increase in these practices will result in improvement the performance level. All the variables had p-value less than 5% ($P < 0.05$) meaning that these variables are significant in explaining the variations in the performance of the taxi firms. This suggests that increasing these practices will result in improved performance. All of the factors had p-values less than 5%, indicating that they are important in explaining differences in taxi business performance.

Table 4. 14 Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

(Constant)	1.647	0.481		3.422	.001
Value-based Services	.239	0.105	.236	2.278	.028
Core Competencies	.296	0.059	.492	4.979	.000
Technology innovations	.223	0.054	.423	4.152	.000
Advertising and promotions	.036	0.061	.060	.585	.002

a. Dependent Variable: Performance

4.7 Discussion of Key Findings

From the descriptive statistics results, it was deduced that the respondents agreed to a large extent on the adoption of the differentiation strategies including Value-based Services ($\bar{x}=4.23$), Core Competencies ($\bar{x}=3.98$), Technology innovations ($\bar{x}=3.84$), and Advertising and promotions ($\bar{x}=3.70$). Similar findings were obtained by Namusonge, (2014) who did a cross sectional design study focusing on two hundred and ten firms and showed that core-competencies including leadership, organization knowledge and strategic thinking significantly influenced the performance. Ojwang, (2015) concluded that promotion strategies including advertisement, sale promotion and marketing positively affected the performance. In a similar manner, Islami, and Borota (2020) incorporating differentiation practices significantly affects the levels of returns.

From the correlation analysis results, all the research variables including Value-based Services ($r=0.367$), Core Competencies ($r=0.526$), Technology innovations ($r=0.513$), and Advertising and promotions ($r=0.180$) positively affected the performance of taxis. Based on this also, core competencies had the most impact on performance while advertising and promotion had the least. Therefore a unit change in these variables will result in an unit change on the taxi firms' performance. The effect of the variables was significant at 95% significance level as the p-values were less than 0.05. This means that they were able to predict the changes in the performance of the taxi firms. On the contrary, other studies such as

Widuri, (2019) argued that differentiation strategy portrays a negative impact on earnings. The study compares with findings of a study by Mohammadi, Fathi, and Kazemi, (2019) that as compared to other proxies of performance, differentiation had the least effect.

The differentiation strategies evaluated were shown to explain 57.4 percent of the variances in taxi business performance ($R^2=0.574$) as per the regression model. This means that only 42.6 percent of the difference in performance can be explained by variables not examined in the research. This shows a strong and positive effect of differentiation practices on the performance of the taxi firms. From the model coefficients, all the variables including Value-based Services ($\beta_1 = 0.239$), Core Competencies ($\beta_2 = 0.296$), Technology innovations ($\beta_3 = 0.223$) and Advertising and promotions ($\beta_4 = 0.036$) were found to affect the performance of the taxi firms positively. This implies that an increase in these practices will result in improvement the performance level. All the variables had p-value less than 5% ($P < 0.05$) meaning that these variables are significant in explaining the variations in the performance of the taxi firms.

Theoretically, this is supported by Portfolio Theory which postulates that through differentiation the firm is able to reduce fluctuations in the revenues accrued or incomes hence leading to improvement on the financial performance (Eiteman, 2016). However Winton's (1999) theory of a non-linear differentiation effect postulates that the application of differentiation strategy can result in either positive or negative effects depending on the underlying factors. This compares with Contingency Theory which holds that different strategies will result in different outcomes depending on the varying surrounding contingency factors.

Similarly, Njeri, (2017) results found out that differentiation practices by offering unique products or services had a positive association with milling factories' performance. Odunayo, (2018) also revealed that organizations which pursued differentiation strategy were in a better

opportunity of offer higher priced products hence increased profitability. Accordingly, Sharma, and Das, (2017) concluded that businesses that lack distinctive features or are imitative of their competitors have been established to poorly perform and more likely to collapse. Berg, (2016) did a study focusing on differentiation strategy among Indian listed firms (2006-2015) and revealed that as compared to the non-diversified firms, the diversified firms had improved performance brought about by value based services. Mwirigi, et al., (2018) found out that customization of services and personalizing communication resulted in improving performance. However, on the contrary, Suryanto, and Anggraini, (2020) found out that differentiation strategy is not a guaranteed marketing tool as compared to cost leadership.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter contains an overview of the study's key findings as well as a discussion. Following that, conclusions are drawn and policy and practice suggestions are given.

5.2 Summary of the Key Findings

The purpose of the study was to determine the relationship between differentiation strategy and business performance of taxi firms in Nairobi County, Kenya. The study population was

all the local taxi firms in Kenya where a census approach was adopted so as to encompass all the 60 taxis that have been operational for at least 3 years according to the records held by the taxi association of Kenya. A summary of key findings and discussion is presented below;

From the descriptive statistics results, it was deduced that the respondents agreed to a large extent on the adoption of the differentiation strategies including Value-based Services ($\bar{x}=4.23$), Core Competencies ($\bar{x}=3.98$), Technology innovations ($\bar{x}=3.84$), and Advertising and promotions ($\bar{x}=3.70$). This shows that the taxi firms had embraced the importance of the differentiation strategies in attaining competitive advantage and subsequently improved performance. This concurs with Parnell, and Brady, (2019) who also established that differentiation was significantly linked to financial returns in UK.

As per the correlation results, all the research variables including Value-based Services ($r=0.367$), Core Competencies ($r=0.526$), Technology innovations ($r=0.513$), and Advertising and promotions ($r=0.180$) positively affected the firm returns. Based on this also, core competencies had the most impact on performance while advertising and promotion had the least. Therefore a unit change in these variables will result in an unit change on the taxi firms' performance. The effect of the variables was significant at 95% significance level as the p-values were less than 0.05.

The differentiation strategies evaluated were shown to explain 57.4 percent of the variances in taxi business performance ($R^2=0.574$) as per the regression model. This means that only 42.6 percent of the difference in performance can be explained by variables not examined in the research. This shows a strong and positive effect of differentiation practices on the performance of the taxi firms. From the model coefficients, all the variables including Value-based Services ($\beta_1 = 0.239$), Core Competencies ($\beta_2 = 0.296$), Technology innovations ($\beta_3 = 0.223$) and Advertising and promotions ($\beta_4 = 0.036$) were found to affect the performance of the taxi firms positively. The differentiation strategies investigated were shown to explain

57.4 percent of the variances in taxi business performance ($R^2=0.574$) according to the regression analysis findings. This means that only 42.6 percent of the variance in performance can be explained by variables other than the ones studied in the research.

5.3 Conclusion

The study found out that the four differentiation practices investigated including Value-based Services, Core Competencies, Technology innovations and Advertising and promotions positively affected the performance of the taxi firms. The study thus conclude that these practices can severely enhance, hamper or interfere with the performance of these firms. The research also indicated that these strategies have a good and substantial impact on business performance. The research indicates that differentiation techniques have the potential to improve not just how firms compete, but also how they perform. The research also discovered that when all of the differentiation methods were combined, they had a significant favorable impact on the overall performance of taxi companies. As a result, it is stated that the present success of these taxi companies may be linked in significant part to the efficacy with which these methods were implemented.

5.4 Recommendations

Taxi operators should utilize differentiation techniques to achieve a competitive edge over their competitors in order to keep their businesses afloat, according to the report. Participants in the survey said that employing effective differentiation techniques is critical in fighting off competition from competitors as well as recruiting and maintaining customers to keep taxicab companies afloat. Taxis that differentiate themselves may improve their market share as a consequence of their competitive edge, allowing them to continue operating.

The study also discovered that the majority of differentiation methods have yet to be completely implemented in taxi operations. The report proposes that management place a high

priority on strategy formation in their firms' plans to enhance and increase strategy usage. They should also guarantee that enough resources are allocated to aid in the execution of the plan. Furthermore, to ensure maximum efficacy, differentiation techniques should be evaluated and monitored closely.

The study also suggests that before implementing any specific differentiation strategy, cab management should assess its fit based on the company's structure, culture, and rules, as well as the overall desired goals. This will guarantee that the plans put in place are capable of meeting and exceeding their goals and objectives. It is also suggested that taxi companies should look at other methods to increase the efficiency of their operations in order to improve their performance and avoid going bankrupt.

The study also suggests that, in order to increase their success, taxi companies should spend more in distinguishing their service by constantly improving their client interactions, vehicle types, and customer services. In order to get an advantage over rivals such as taxify, managers might utilize dynamic pricing to distinguish their charges even more. This is to make them distinctive and original, as well as to increase awareness via frequent and continual promotion/advertising activities.

The study also suggests that government and other regulatory authorities adopt favorable regulations for the implementation of business differentiation strategies. This will guarantee that the usage and implementation of difference by not just taxi companies but also other businesses in other industries is effective, efficient, and consistent. This will also aid in the reduction of obstacles that may arise during the execution of these initiatives, hence enhancing their overall efficacy and final outcomes.

5.5 Suggestions for Further Research

The study recommends further research encompassing organizations from other sectors for generalization of the findings. Another limitation was that the study only looked at four distinct practices, which isn't an exhaustive list of all the possibilities. More research in this area is needed, taking into consideration other distinguishing methods not covered by the study. In a replication of this study, a larger sample size and a range of data gathering techniques, such as interviews and focus group discussions, should be used. In addition, the report urges future researchers to explore other research methods and methodology in investigating differentiation in the taxi sector.

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APPENDICES

Appendix I: List of local taxi firms operating in Nairobi County, Kenya

1. Delight Cabs
2. Jatco travels
3. PTG Travel Ltd (Pewin Cabs)
4. Kenatco
5. Easy Taxi

6. Focus cab
7. Karibu safari in Kenya
8. Wonderview Taxis
9. Universal cabs.
10. Nairobi Taxis
11. Absolute Cabs
12. Vride Taxis
13. Klima Cabs
14. Gracelands Taxis And Travels
15. Nairobi Airport Transfers
16. Kenya Taxi Cab Association
17. Burner Cab Taxis
18. Teke Taxis
19. Caby Driver
20. Jim Cabs
21. Pepea
22. Maramoja
23. Uber
24. Bolt
25. Litte Driver
26. Little Cab Kenya
27. Click Cabs
28. Sendy
29. Wasili
30. SafeBoda
31. inDriver
32. Safeways
33. Bolt Kenya Limited
34. Whizle Taxi & Cab Hailing
35. Motogari
36. Mondo
37. Jumeirah Safaris
38. Amicabre Travel
39. Apollo Tours

40. Brea Cabs
41. Kenyatta Golf Course Taxi
42. Key Cab and Taxi
43. Junction cabs
44. Africabs
45. Catch Taxi Kenya
46. Eco cabs
47. Taxiye Kenya
48. Alitex cabs
49. Comfort Taxis
50. My Ride
51. King Cabs and Travel
52. Express Impress
53. Brandon Travel
54. Bunson Travel (Carlson wagonlit)
55. UN Gigiri Cabs and safaris
56. Fused Tours and Travel
57. Ericos Tours
58. Sky-Swift Limited
59. Annisa Taxi
60. Hava

Source: Taxi Association of Kenya, (2020)

Appendix II: Research Questionnaire

This study is aimed at determining determine the relationship between differentiation strategy and sustainable business performance of local taxi firms in Nairobi County, Kenya. Please respond to the following questions in the spaces provided openly and honestly as possible.

The study is purely academic and all information provided will be confidential.

SECTION A: BACKGROUND INFORMATION

1. **What duration has your taxi firm been in operation?.....**
2. **Please indicate your current number of taxis?**

1 to 5 taxis [] 6 to 8 taxis [] 11 to 20 taxis [] 21 to 50 taxis []

More than 50 taxis []

3. Please indicate the position you are currently holding at the taxi firm?

Taxi owner [] Line manager [] Partner [] Firm director []

Other Staff []

4. What Category does your taxi firm fall under?

Traditional Taxi Firms [] New Technology-based Taxi Firms []

SECTION B: DIFFERENTIATION STRATEGIES AND BUSINESS PERFORMANCE OF TAXI FIRMS IN NAIROBI COUNTY, KENYA

In the following sections rate the statements using 1=very small extent, 2=small extent, 3=moderate extent, 4=large extent and 5=very large extent.

5. Value-based Services

Statement	1	2	3	4	5
Customized services as per the customers' needs					
Having personalized communication with the customers					
Handling customer complaints in a fair and organized manner					
Being professional in offering the taxi services					
Introduction of new services as per the taste and preferences of the customers					

6. Core competencies

Statement	1	2	3	4	5

Statement	1	2	3	4	5
The taxi firms are led by enthusiastic and well organized leadership					
There is strategic thinking among the management and staff of the taxi firms					
Organizational knowledge is a necessity in managing the taxi firms					
Proper communication is maintained throughout the operations of the taxis					
The taxi personnel are well trained in undertaking their delegated duties					

7. Technology Innovations

Statement	1	2	3	4	5
There is the use of mobile applications in hiring and booking of the taxis					
Track and trace has been innovated in monitoring the movements of the taxis					
Smart Cars are slowly being embraced for being economical					
E-Hailing has been introduced in order to attract more customers					

8. Advertising and promotions

Statement	1	2	3	4	5
Online presence is ensured in the social media platforms					
Referral marketing has been adopted in attracting new customers					
Fleet Branding in used in marketing the taxis					
Discount coupons and offers are embraced in enticing new customers					
There are paid promotions undertaken in attempts of increasing sales					

SECTION C: BUSINESS PERFORMANCE OF TAXI FIRMS IN NAIROBI COUNTY, KENYA

9. Please rate the extent to which differentiation strategies have helped to improve the following measures of sustainable business performance of Taxi Firms in Nairobi County, Kenya.

Statement	1	2	3	4	5
Customer Base is growing					
Customer Satisfaction has been enhanced					
The profitability of the company has improved					

Statement	1	2	3	4	5
Client expectations are met with minimum expenditure					
The services of the company are dependable					

END

Thank you for your time