ACHIEVING SUSTAINABLE COMPETITIVE ADVANTAGE THROUGH SERVICE DIFFERENTIATION STRATEGIES USED BY COURIER SERVICE OPERATORS IN NAIROBI: A CASE STUDY OF G4S COURIER SERVICE COMPANY

BY
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SEPTEMBER 2009
Declaration
This management Research Project is my original work and has not been submitted for a degree in any other University.

Signed..................................................Date..........

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This management Research Project has been submitted for examination with approval as the University Supervisor.

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DEDICATION

To my Late Father Stephen Onuong 'a Ageng 'a

Whose love for Education was beyond reach
Who believed so much in education and spent his entire life educating his family and others in Society

and

To, The rest of my family
And in particular my beloved wife Eve and daughter Chantal
Who constantly encouraged me to finish this research Project.
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ABSTRACT

There are over 225 postal and courier operators in Kenya, which include transporters and freighters, which handle documents and parcels appropriately falling under the definitions of the Kenya Communications Act 1998. As part of the global G4S Security Services network, G4S Courier has always been a head in the Courier business. When people were content to send their goods and parcels as unaccompanied bus cargo, G4S made sure of delivery by using a courier to accompany the mail. Competition in the courier industry has increased considerably and in such a crowded market, firms need to stand out and draw customers' attention to themselves and create repeat buying patterns leading to loyal customers. Differentiation strategies are essential for firms to be able to distinguish themselves from their competitors' services- As the courier industry becomes more sophisticated, with technology also taking a centre stage in its progress, firms need to offer differentiated courier services which will enable them retain their market share and growth. This study was to determine the extent to which service differentiation strategies can be used by G4S Courier Service Company operating in Nairobi to achieve sustainable competitive advantage.

This was a case study targeting 40 overnight service customers of G4S courier Service Company based in Nairobi. Pertinent data was collected from overnight service customers in Nairobi using structured questionnaire. The questionnaires were dropped and picked later from the respondents. To assist in the tabulation of large amount of data, computer software was used to collate percentages, frequencies, mean and standard deviation. The findings of the study were that service, personnel, image and channel differentiation strategies are used to a very large extent by G4S Courier Service Company operating in Nairobi to achieve sustainable competitive advantage. The limitation of this research were that the research applied to only 40 customers of overnight service while the estimated number of overnight service customers is 200. The study did not make consideration for the factors influencing the use of individual strategies. Account of these two factors would have yielded a more conclusive result.
It is suggested that a research to determine the extent to which service differentiation strategies can be used to achieve sustainable competitive advantage by courier companies in Kenya be done. It would be valuable to determine the factors that influence the choice of each strategy.
CHAPTER ONE
INTRODUCTION

1.1 Background

The environment is constantly changing and so it makes it imperative for organizations to constantly adapt their activities in order to succeed (Ansoff, 1987). Global competition is intense and likely to become more so. As firms become large in size, they seek to sell to all major markets in order to spread their growing fixed costs over a larger sales volume. But global competition is not limited to competing for sales and market share; it is also a competition for knowledge and scarce resources (Terpestra, 1990). Any firm can reach the consumers easily as a result of reduced boundaries and the reduced distance between sellers and buyers. These developments have introduced complex macro environment for all of the marketers. The dynamics in the global market place have created a conscious awakening to the firms towards adopting various strategies to obtain and or maintain their competitive edge (Johansson, 2002 and Barkowitz et al, 2003).

Globalization defines technologies; computerization, miniaturization, digitalization, satellites communications, fiber optics and the internet reinforce its defining perspective of integration (Nzioka, 2001). On the wider perspective, globalization embraces political, economic, cultural and social change and is responsible for transforming the world into a village. It continues to grow in importance relating to more international customers, competitors, suppliers, employees or sources of finance (Johnson and Scholes, 2002).

The environment is constantly changing and so it makes it imperative for the organization to constantly adapt their activities (Ansoff, 1987). Globalization of the world economy has become of concern to marketers since the 1990s (Mubiru, 2003). The trend is towards increased trade in goods and services, increased capital mobility and increased faster cheaper communication and transportation. A firm as an open system must interact with the environment to survive. It both consumes resources, which it transforms into outputs, and then exports the outputs to the environment. (Daft, 1986) notes that open systems can be enormously complex in that internal efficiency is just one issue and is sometimes a minor issue. The organization has to find and
obtain needed resources, interpret and act on the environmental changes, dispose of outputs, control and co-ordinate internal activities in the face of environmental disturbances and uncertainty if it is to be effective.

The fast changing global business environment has led to more competition, increased choice for consumers, lower prices, lower margins, replacement of tangible assets with information, dramatically changing global infrastructures, from dependence to independence to interdependent, boundaries collapsing, market economies expanding i.e. deregulation and privatization, telecommunications infrastructure, investment from analogy to digital world Economic outlook, (1997). This accelerating trend is as a result of global consumer convenience in social economic, demographic characteristics, habits and culture (Intriligator, 2001). As countries adopt trade preferences through regional trading blocks, pressure on developing countries such as Kenya reinforces the need to align and identify with blocks like COMESA, PTA and the East African Community.

Most organizations in Kenya have adopted various strategies in dealing with the challenges brought about by globalization and liberalization (Kibera, 1998). Such strategies are exporting, joint ventures and foreign direct investment (Pearce and Robison, 1997). For example G4s Courier Services Kenya Limited which trades under the international brand name G4S. It offers the same Courier services and Services in line with the world (Underwood, 1997).

Strategic alliances are formed through which organizations are able to exploit the strengths and competences of each other in order to develop competitive advantage. DHL, TNT and FEDEX use G4S Courier Services Kenya Ltd domestic courier network in Kenya. The operation environment, also known as competitive or task environment comprises factors in the competitive situation that affect a firm's success in acquiring the required resources for profitably marketing its goods and services. Among the most important of these factors are the firm's competitive position, the composition of its customers, its reputation among the suppliers and creditors, and its ability to attract capable employees. The operating environment is much more subject to the firm's influence or control than the remote environment. Thus; firms can be
much more proactive in operating with the operating environment than dealing with the remote environment (Pearce and Robinson, 1999).

A host of external factors influence a firm's choice of direction, action and ultimately its organizational structure and internal processes. These factors which constitute the external environment can be divided into three categories which include the remote environment, industry environment and the operating environment (Pearce and Robinson, 1999). The remote environment comprises factors that originate beyond a company and usually irrespective of single firm's operating situation (Pearce and Robinson, 1999).

All organizations operate in a macro environment which is defined by the most general elements in the external environment that can potentially influence strategic decisions (Bateman and Zeithmal, 1993). Macro environment consists of the broad environmental factors that impact to a great or lesser extent on almost all organizations. PESTEL framework can be used to identify how future trends in the political, economic, social, technological, environmental and legal environments might impinge on organizations. If the future environment is likely to very different from the past it is helpful to construct scenarios of possible future. This helps managers consider how strategies might need to change depending on the different ways in which the business environment might change (Johnson and Scholes, 2002).

The political environment may create significant opportunities or threats for organizations. The government can affect business opportunities through tax laws, economic policies and international trade rulings (Bateman and Zeithaml, 1993). (Pearce and Robinson, 1999), states that the direction and stability of political factors are a major consideration for managers on formulating company strategy. Political factors define the legal and regulatory parameters within which the firm must operate. Political constraint are placed on firms through fair-trade decision, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies and many other actions aimed at protecting employees, consumers the general public and the environment.

Economic condition change over time and are difficult to predict as periods of dramatic growth may be followed by a recession. Even when times seem good, budget deficits or others
considerations may create concern about the future. The economic environment dramatically affects companies’ ability to function effectively and influences their strategic choices. Interest and inflation rates affect the availability and cost of capital, the ability to expand, prices, costs and consumer demand for services. Unemployment rates affect the labour availability and the wages the firm must pay as well as service demand (Bateman and Zeithaml, 1993).

Social trends concerning how people think and behave have major implications for management of the labour force, corporate social actions and strategic decisions about services and markets. Today companies that want to create or maintain a competitive advantage are introducing more supportive policies regarding maternal and paternal leave, flexible working hours and child care (Bateman and Zeithaml, 1993).

To avoid obsolescence and promote innovation, a firm must be aware of technological changes that might influence its industry. Creative technological adaptations can suggest possibilities for new services or for improvements in existing services or in the manufacturing and marketing techniques. Technological breakthrough can have sudden and dramatic effect on a firm's environment. It may spawn sophisticated new markets and services or significantly shorten the anticipated life of a manufacturing facility. Technological forecasting can help protect and improve the profitability of firms in growing industries. It alerts strategic of both impending challenges and promising opportunities (Pearce and Robinson, 1999).

1.1.1 The Concept of Service Differentiation Strategy

Service differentiation is to secure a measure of control over demand for a service or service by advertising or promoting differences between a company's service and that of competing sellers (Scatton and Zakacco, 1990). Companies which adopt efficient differentiation of their services gain competitive advantage over their rivals (Mac million and Mac Grath, 1999). Strategies based on differentiation seek to establish fundamental differences in a variety of dimensions so that buyers perceive a marked contract between the services of one firm and its rivals (Hlavacka et al, 2000).
1.1.2 The Concept of Sustainable Competitive Advantage

Sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy based on unique combination of internal organizational resources and capabilities that cannot be replicated by competitors. Sustainable competitive advantage allows the maintenance and improvement of the enterprise's competitive position in the market. It is an advantage that enables business to survive against its competition over a long period of time. Sustainable competitive advantage is derived from the following: A unique competitive position. Clear tradeoffs and choices vis-a-vis competitors, activities tailored to the company's strategy, a high degree of fit across activities (it is the activity system, not the parts that ensure sustainability and a high degree of operational effectiveness (Porter, 1980). Benefits derived from Sustainable competitive advantage include repeat sales and customer retention.

The three methods for creating a sustainable competitive advantage are: Cost leadership - Cost advantage occurs when a firm delivers the same services as its competitors but at a lower cost: Differentiation - Differentiation advantage occurs when a firm delivers greater services for the same price of its competitors. They are collectively known as positional advantages because they denote the firm's position in its industry as a leader in either superior services or cost: Focus - a focused approach requires the firm to concentrate on a narrow, exclusive competitive segment market niche, hoping to achieve a local rather than industry wide competitive advantage. There are cost focus seekers, who aim to obtain a local cost advantage over competition and differentiation focuser, who are looking for a local difference. Many forms of competitive advantage cannot be sustained indefinitely because the promise of economic rents invites competitive advantage held by any one firm (Porter, 1985).

1.1.3 The Courier Service industry in Kenya

According to Communications Commission of Kenya (CCK) of 2005, Courier services refer to any specialized service for the collection, dispatch, conveyance, handling and delivery of postal services. Couriers are distinguished from ordinary mail services by features such as speed, security, tracking, signature, specialization and individualization of services, and committed delivery times, which are optional for most everyday mail services. Different courier companies
operate on all scales, from within specific towns or cities, to regional, national and global services. A courier is a messenger who transports parcels or important papers (Hornby, 1998).

There are over 225 postal and courier operators in Kenya, which include transporters and freighters, which handle documents and parcels appropriately falling under the definitions of the Kenya Communications Act 1998. Most of them have been licensed and a few have already been identified with a view to bringing them into the regulatory framework. According to the Central Bureau of Statistics (CBS) of 2007, the number of private courier operators continued to post positive growth in outlets, mainly due to an increase in the number of players licensed during the year and expansion of the networks. Licensed Courier operators expanded by 15 in number to 105 in the year 2006. This resulted in the number of courier private courier operators increasing by 19.2% from 437 in the year 2005 to 1,225 by the end of the 2006. In regard to market share, the year to year increase on the market has been placed at between 5% and 20% among various players (Courier industry Associations). However, this growth is under intense pressure due to improved technological advancements.

The main postal courier companies that are used by individual consumers and business/corporate consumers in Kenya are summarized in appendix 1. G4S and Akamba are the dominant players in both business and business postal courier business. DHL, EMS, and Nation follow in popularity with higher usage among the business users. Easy Coach and coast bus also have a notable share of the business segment. Other courier services that at least have a higher than 5% of the market share include Akamba, G4S Courier, Coast Bus, Mololine, Nation Courier, Fiveway, PCK and Eldoret Express. In terms of sector dominance, PCK is dominant in the mails/letters. In the Express/courier, G4S courier and Akamba are dominant locally while DHL and EMS area dominant international players. Various sectors use courier services in different proportions. Educational institutions are the leading with 19.7%, followed by individual consumers - 18.2%, medical services sector -16.7%, Small Medium Enterprises (SMEs) - 10.3%, banks 7.0%, hotels and tourism - 6.6%, insurance- 4.3%. Others sectors constitute - 17.0%. (CCK, 2005/
The services offered by Courier companies in Kenya range from same-day service of which delivery is done within 24 hours and Next day service which entails delivery on an overnight basis, with the cut-off time being 12.00 noon of the next day. With the increase in fuel prices and service goals closely monitored by companies, a new type of trend is creeping into the Courier industry, whereby some of the players are beginning to embrace the outsourced option. Examples include outsourced mail room service, messenger services, logistics management, archive warehousing and special delivery services, in a bid to create a one stop shop for courier services and hence form niche markets.

While most companies today subscribe to courier services certain organizations rely on courier services on a daily basis for their deliveries on both overnight and same day service. Banks require cheques and voucher movements, handling of their mailrooms, distribution of statements, manufacturing plants require the distribution of their finished goods, and Pharmaceutical distributors require having their medicines distributed to various outlets countrywide.

The emergence of competition among the courier companies has injected very high levels of professionalism among the players in the courier industry, while at the same time regulating the prices offered in the market. Given that majority of the players in the industry are indigenous firms, this has played a positive role in ensuring the creation of employment opportunities for Kenyans and the retention of profits made within the Kenyan economy. The quality gap can provide a good marketing opportunity for Courier service providers. Courier companies can distinguish their services design, price, place promotion, distribution, process, personnel and physical evidence. Courier companies can differentiate themselves or their services in order to occupy a better position than the competitors in the wider market. Each individual firm can make use of the marketing variables to fix its offering above the existing Courier companies in order to obtain a competitive advantage.
1.1.4 Over View of G4S Courier Company

As part of the global G4S Security Services network, G4S Courier has always been a head in the Courier business. When people were content to send their goods and parcels as unaccompanied bus cargo, G4S made sure of delivery by using a courier to accompany the mail. As competition for bus space increased, in order to be certain of safe and timely delivery G4S started using its own vehicles. Now, nearly 30 years later, G4S have a nationwide fleet of fast and reliable vehicles that ensure overnight or same day delivery. G4S Courier attaches great importance to the security of the customers' items to the extent that all next day courier route vehicles are accompanied by two armed police men. The global background of G4S Courier allows it to draw on worldwide expertise, experience and resources necessary. Options that work for G4S Courier, recognizing not only that every customer has different needs, but also that requirements can differ within one company, G4S Courier presents several alternatives for the transportation and storage of the customers' valuable.

G4S Courier's services are: same day service that ensures door to door delivery the same day, between and within the cities of Nairobi, Kisumu, Eldoret and Mombasa, next day service ensures delivery by noon of the following day, covering 100 locations in Kenya, one Hour service, operated in Nairobi and Mombasa, ensures door to door delivery within one hour using motorcycle couriers. G4S international service allied with DHL, ensures that even outside East Africa G4S deliveries are completely reliable. The storage service provides secure storage facilities for our customers. And dedicated courier services provide full-time mailing and message solutions to our customers.

1.2 Statement of the Problem

The concept of being unique or different is far more important today than it was ten years ago in the courier industry. The entry of new firms in the courier industry has resulted into declining market share and profitability of existing firms. Customers on the other hand have found it difficult to make a choice on the firm to render them services (Abrahamsen and Williams, 2005). With the enormous competition markets today are driven by choice - the targeted customers have too many choices, all of which can be fulfilled instantly. Choosing among multiple options
is always based on differences, implicit or explicit, so the companies in the courier industry must
differentiate in order to give their customers a reason to choose their services or services. Thus,
differentiation is one of the most important strategic and tactical activities in which Courier
companies must constantly engage (Cravens, 2000).

The role of Courier Service Industry has increased significantly in recent years. These firms
make an individual and indisputable contribution to courier services required by individuals,
institutions and different industries. Like most markets, a large number of courier services
presently dominate the Kenyan market. This has resulted in intense competition among the
courier companies. In order to remain competitive courier firms have opted to seek ways and
means of adding value to their service offering. Most Postal or courier companies are optimistic
about the industry's rate of growth. The industry is seen as a vibrant one that offers a lot of
opportunities for further growth, particularly considering that it is relatively new and a lot of
people, organizations and companies are waking up to the realization that delivery services are
becoming even more and more a part of the daily office administration process.

Recently this area had attracted a lot of interest in academia and a number of studies had been
carried out . The research carried out majorly focused on the hospitals in Slovak (Hlaracka et al,
2000), security industry (Muchira, 2000) and Chemical fertilizer importing companies (Kibiru,
1999). While appreciating the role of service differentiation in achieving sustainable competitive
advantage, the first study was carried out in developed country with different socio-economic,
legal as well as technological environment from Kenya. The last two studies were carried out in
Kenya but in different industries. Their findings may not therefore be applied in the Courier
industry in Kenya.

Given the role played by Courier Service Companies, as well as the need to grow and prosper,
there is need for management to formulate more effective service differentiation strategies. It
is not known however which service differentiation strategies the incumbent firms use to
achieve sustainable competitive advantage in Kenya - Nairobi market. The proposed study
therefore sought to fill the gap by providing answers to the following research questions.
i) What service differentiation strategies do G4S Courier Company operating in Nairobi use when marketing its service?

ii) To what extent do G4S Courier Company operating in Nairobi use service differentiation strategies to achieve sustainable competitive advantage?

1.3 Research Objective

The study focused on the following objective;

The extent to which service differentiation strategies are used by G4S Courier Service Company operating in Nairobi to achieve sustainable competitive advantage.

1.4 Importance of the study

A study of this nature which cuts across major business areas may be important to the following groups:

1) All existing firms in the Courier Service industry in Kenya as it may assist them to put in place effective differentiation strategies to enable players to develop and sustain competitive advantage in a changing environment. The findings will assist the courier companies' managers to erect barriers to entry to keep competitors at bay by establishing branded services to achieve sustainable competitive advantage as market leaders through consumer loyalty.

2) Potential investors in the courier industry in forming a better understanding of the courier industry and enable them to make well informed investment decisions.

3) Government agencies and policy makers may use the results to formulate positive National Policies based on a framework that is relevant and sensitive to the forces influencing formal Courier industry in Kenya.

4) The academicians and researchers may use the results as a source of reference.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The literature review in this section helped to highlight the knowledge gaps. In addition it helped in the development of conceptual framework summary of the study and in the study. The topics covered in the literature review included: service differentiation strategies, nature of services, sustainable competitive advantage, positioning strategy and adaptation of generic strategies framework.

2.2 The Concept of Service differentiation Strategy
Haarla (2002), defines differentiation as a position in which the offer of a given competitor has some valuable distinctive characteristics for the customer. Those characteristics must be perceived as adding value by customers, defensible from imitation by competitors and valuable for the supplier either through higher market share and/or margin. To benefit from differentiation, a firm must be able to identify customers who benefit from differentiation and are willing to pay for it. Writing on the same subject, Trout (2002), claims, differentiate or die. (Scarborough and Zimmer, 1996), define differentiation as existing when a firm strives to be better than competitors at something customers' value. They argue that the concept is to be special at something important to the customer. Differentiation is the act of designing a set of meaningful differences to distinguish the companies offering from competitors offering (Kotler, 2002).

According to Porter (1990), firms that successfully differentiate themselves are rewarded for their uniqueness with loyalty and a premium price. This generic strategy requires that, the premium exceeds extra cost incurred in being unique because differentiation cannot ignore cost issues as premium prices will be nullified by inordinately high costs. Uniqueness can go beyond physical characteristics and service attributes to encompass everything that impacts customers
Differentiation offers an opportunity for non-price competition which at firm level can be met by creating certain service or service attributes and or variations so that differentiation can take place. A firm differentiates itself from its competitors by being unique at something that is valuable to buyers (Porter, 1985). In a highly competitive market and crowded market it is absolutely essential that firms differentiate their offering in order to draw customers towards their services or services.

To achieve a differentiation advantage or competitive edge an organization requires to make the most of its opportunities and resources while offering customers a satisfactory mix of tangible and intangible benefit by striking a balance between customer requirements on the one and company resources on the other, competitor activity must also be monitored. For effective differentiation customer centre organizations should study what customers' value and then prepare an offering that exceeds their expectations. Writing on differentiation as a strategy to achieve competitive advantage (Porter, 1985), confirms that, firms throughout the world face slower growth as a result of domestic and global competition. Writing on the same issue, Porter (1997), defines differentiation of market offering as the art of designing a set of meaningful differences to distinguish company offering from those competitions.

Porter (1985), Levitt(1980) and Kotler (1997), agree that adaptation of a differentiation strategy allows the firm to command premium prices, enables it to sell more of its services at given price or given equivalent benefits such as greater buyer loyalty during cyclical or seasonal downturns, facilitates achievement of superior performance. If the premium price exceeds any added cost of being unique and enables a firm to appeal to a broad group of buyers in the industry or to appeal to a subset of buyers with particular needs. Uniqueness can go beyond the physical characteristics and service attributes to encompass everything that impacts customers' perception of value. From his study, Kibiru (1999), concludes that adoption of differentiation strategy greatly influences a firm's competitiveness.

According to Kotler (2000), companies need to constantly differentiate their market offering from competition. To achieve this, they dream up new services and guarantee, special reward for loyal customers, new conveniences and enjoyments. When they succeed, competitive advantage
lasts only for a short time. Companies must therefore constantly keep thinking of new value adding features and benefits to win the attention and interest of choice rich, price prone consumers. Companies differ in their potential to differentiate along five dimensions; target market, service, place (channel) promotion and price. The company's freedom to maneuver is affected by industry structure and the firm's position in the industry. In differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers perceive as important and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with loyalty and a price Premium (Porter, 1990).

According to Kotler (2000), differentiation is more effective if firm differentiates along the five dimensions: services, personnel, channels, image and price. Aaker (1987) goes further to include quality option, brand awareness, brand associations, customer orientation, brand loyalty, service line breadth, and technical superiority. Further, they explain that differentiation strategy could be regarded as concentrating on a narrow buyer segment and out competing rivals by offering niche members customized attributes that meet their tastes and requirements better than their rival services. Kotler (2000), defines differentiation as the act of designing a set of meaningful differences to distinguish the company's offering from competitors offering. Differentiation strategy is one in which a service is different from that of one or more competitors in a way that is valued by the customers or in some way affects customer choice (Aaker, 1984).

Porter (1985), looks at differentiation as creating a service or service offering that is perceived industry wide as being unique. Differentiation requires that the business have suitable sustainable advantages that allow it to provide buyers with something uniquely valuable to them. A successful differentiation strategy allows the firm to provide a service or service of perceived higher value to buyers at differentiation cost below the value premium to the buyers .In other words , the buyer feels the additional cost to buy the service or service is well below what the service or service is worth compared to other available alternatives. Differentiation usually arises from one or more activities in the value chain that create a unique value important to buyers. A business can achieve differentiation by performing its existing value activities or
reconfiguring in some unique ways, and the sustainability of that differentiation will depend on two things, a continuation of its high perceived value to buyers and lack of imitation by competitors.

The customers have become price sensitive and would not pay extra price as a premium price for superior quality (Michael Porter, 1998). Technological Changes That Nullify Past Investments or Learning: The Swiss controlled over 95% of the world's watch market into the 1970s. The bulk of the crafts people, technology, and infrastructure resided in Switzerland. U.S based Texas Instruments decided to experiment with the use of its digital technology in watches. Swiss producers were not interested, but Japan's SEIKO and others were. In 2005, the will make less than 5% of the world watches. The differentiation strategies used by Courier Service Companies in Nairobi to improve on their competitiveness have not been studied before and this study will provide knowledge in this area.

Physical services vary in their potential for differentiation. Parameters for differentiation include form, referring to the size, shape or physical structure and differentiation by features which are characteristics that supplement the services basic function. Performance quality refers to the level at which the services primary characteristics operate, performance quality can be low, average, high or superior. According to Kotler (2000), strategic planning institute studied the impact of high relative service quality and found a significantly positive correlation between relative service quality and return on investment. High conformance, which is the degree to which all the parts produced are identical and meet the promised specifications is expected by customers. Durability which is measure of the probability that services will perform without malfunction or fail within a specified time period is of special interest to buyers. Reliability which is a measure of the probability that services will perform without malfunction or fail within a specified time period is of special interest to buyers. Reparability which is a measure of the ease of fixing a service when it malfunctions or fail is desired by buyers.

Mund and d'Amico (1995), infer that what differentiates a firm service from others need not be a scientifically demonstrate improvement. Buyers are normally willing to pay a premium for services which are attractively styled. Style produces distinctiveness and good design enhanced
by packaging especially in cosmetics, and small consumer appliances this value this value. Design is the totality of features that affect how a service looks and functions in terms of customer requirements (Kotler, 2000).

When the physical service can not easily differentiate, the key to competitive success may lie in added value services and improving quality. The main service differentiators are ordering ease, delivery, installation, customer training, customer consulting together with maintenance and repair. Ordering ease refers to how easy it is for the customer to place an order with the company. Delivery refers to how well the service or service is delivered to customer, it includes speed, accuracy, and care attending to the delivery process. Installation has reference to the work done to make a service operational in its planned location. Customer training refers to training customers to use the vendor's equipment properly and efficiently. Customer consulting refers to data information systems, and advising services that the firm offers to buyers.

Manufacturers and their agents who are responsible for selling services all have to provide service support services. Service support service differentiation is becoming a major competitive battle ground for competitive advantage. Some firms are deriving significant profit contribution from these services. Customers look upon such firms to provide assurance of reliability with low service failure, reduced down-time due to good service dependability and low cost of maintenance and repair of such equipment. In the case of expensive equipment, manufacturers can offer differentiating service support services such as installation, staff training, maintenance and repair service and financing. They can also offer value augmenting service such as service warranties, quality audits after project installation and trade -in opportunities (Kotler, 2000).

Rothschild (1984), paused the question, does a company have a strong or unique distribution or sales approach that drives its strategy? This may be the barrier to the entry of others and the difference between success and failure. The uniqueness of a value activity may stem from sharing a sales force (Porter, 1990). A sales team for Courier Service Company can sell both Courier Service and Packaging materials such as Boxes, Polythene covers as G4S Courier Service Company has started doing. This may allow the sales people to offer the buyer better service (Porter, 1990).
Differentiation is usually costly. A firm must often incur cost to be unique because it requires that the firm performs value activities better than competitors. For example, a highly skilled sales force costs more than a less skilled one (Porter, 1990). Uniqueness does not lead to differentiation unless it is available to the customer. A successful differentiator must find ways of creating value for buyers that yield a price premium in excess of extra cost. For example, G4S Courier Service Company is offering services such as dedicated rider, same day Courier services to Banks in Kenya at a premium price. According to Wickman (2001), differentiation can be achieved by demographic imagery. Largely referring to the up market versus down market, young vessels old and dynamic versus conservative. The sustainability of differentiation depends on two things, the continued perception of value by the buyers and the lack of imitation by competitors.

Image is the way the public perceives the company or its service. Image is affected by many factors beyond the company's control. An effective image establishes the character of the service or service and also its value proposition. It as well conveys this character in a distinctive way so as not to be confused with competitors. It does deliver emotional power beyond a mental image. It is necessary for the image to be conveyed through every conceivable means and brand contact (Kotler, 2001).

Aaker and Joachimshaler (2000), wrote that the identifying elements of a brand need to be prioritized with respect to their ability to differentiate the brand from competitors and resonate with customers. In addition to being able to create points of differentiation over time. There is little value in differentiation which is not sustainable. A brand has significant brand building potential buy having an association. Aaker and Joachimshaler (2000), go on to say that an association that resonates with customers is one which has both relevance and is meaningful to them. Ultimately a brand needs to deliver a value proposition, functional benefits, emotional benefit and or expressive benefits.

According to Kotler (1998), if two brands cannot be easily distinguished, it may be confusing for consumers to make choice between them. Aaker (1996), write that Japanese firms believe that
customers want to do business with successful well known firms, not only to be reassured about likely service quality but also to be associated with the prestige of a successful firm. Images can be amplified by strong symbols the company can chose a symbol such as a lion, a famous person or even a colour or just a logo. A successful brand is a name, symbol, design or some combination which identifies the service or service of a particular organization as having a sustainable differential advantage. The importance of brands to consumers is that they help simplify buy decisions (Baker, 1992).

The physical space occupied by a company is another powerful image generator for example a bank which wants to convey the image of safe bank must communicate this through the buildings, architecture, interior design, layout colours, materials and furnishings. The chosen image is worked into advertisements and media that convey a story, a mood, a charm or something that is distinctive. It should appear in annual report, brochures, catalogues, stationery and business cards.

2.3 The Nature of Service

Service is any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its service may be or may not be tied to a physical service (Kotler, 2000). Services have four main characteristics, these are: intangible: services are intangible unlike services they cannot be seen, tasted, felt, heard or smelt before they are bought. To reduce uncertainly, buyers will look for sign or evidence of service quality. They will draw inferences about quality from the place, people, equipment, communication material, symbols and price that they see. Inseparabilities: services are typically produced and consumed simultaneously (Abrahamsen and Williams, 2005).

The provider of a service is part of the service because the client is also present as the service is produced, provider, client interaction is a special feature of services marketing. Variability: because they depend on who provides them and when and where they are provided, services are highly variable. Perishability, services cannot be stored. Companies also demonstrate their service quality through physical evidence and presentation. For example, a courier firm will develop a look and observable proposition whether it is cleanliness, through presentation of its
vehicles and staff turn outs, speed of response, or some other benefit. Service firms can also choose among different processes to deliver their service. Service companies face three tasks, increasing differentiation, Service quality and service sensitivity. The alternative to price competition is to develop a differentiated service offering. The offer can include innovative features, what the customer expects is referred to as primary service package and to this can be added secondary service features. In the airline industry for instance, various carriers, have introduced such secondary service feature as movies, merchandise for sale, air to ground telephone service and frequent flyer award programs (Kotler, 2000).

A careful marketer can distinguish the service offering through simple, fast and customer involving processes that give delight to the consumer (Gilmore, 2004). The manipulation of these elements of marketing mix serves as effective criteria of positioning. Many companies are using the internet to offer secondary features. Services are generally high in experience and credence qualities; there is more risk in purchase which has several consequences. First the service consumers generally rely on word of mouth rather than advertising, Secondly they rely heavily on price, personnel and physical cues to judge quality, Third they are highly loyal to service providers who satisfy them (Johnson and Scholes, 2002).

Most services involve procedures. The mode of delivery can set a service provider above or among the others. Various studies have shown that excellently managed service companies share the following common practices; a strategic concept, a history of top management commitment to quality, high standards, system for monitoring service performance, customer complaints and an emphasis on employee satisfaction. The service outcome and whether or not customer will remain loyal to a particular service provider is influenced by a host of variables. In view of this complexity service marketing requires not only external marketing but also internal and interactive marketing. External marketing describes the normal work to prepare price, distribute and promote the service to customers and internal marketing refers to the work of training and motivating employees to serve customer well (Kotler, 2000).
2.4 The Concept of Sustainable Competitive Advantage

Sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy based on unique combination of internal organizational resources and capabilities that cannot be replicated by competitors. Sustainable competitive advantage allows the maintenance and improvement of the enterprise's competitive position in the market. It is an advantage that enables business to survive against its competition over a long period of time. Competitive advantage is, in very basic words, a position a firm occupies against its competitors (Porter, 1985).

According Michael Porter (1985), sustainable competitive advantage is derived from the following: A unique competitive position, applicability to multiple situations, Sustainability, Superiority to competition and difficult to replication.

**The Five Criteria**

According to Michael Porter (1985), the three methods for creating a sustainable competitive advantage are through: Cost leadership - Cost advantage occurs when a firm delivers the same services as its competitors but at a lower cost: Differentiation - Differentiation advantage occurs
when a firm delivers greater services for the same price of its competitors. They are collectively known as positional advantages because they denote the firm's position in its industry as a leader in either superior services or cost. Focus - a focused approach requires the firm to concentrate on a narrow, exclusive competitive segment market niche, hoping to achieve a local rather than industry wide competitive advantage. There are cost focus seekers, who aim to obtain a local cost advantage over competition and differentiation focuser, who are looking for a local difference.

Many forms of competitive advantage cannot be sustained indefinitely because the promise of economic rents invites competitive advantage held by any one firm. A firm possesses a sustainable competitive advantage when its value creating processes and position have not able to be duplicated or imitated by other firms, sustainable competitive advantage results, according to the resource based view theory in the creation of above normal rents in the long run. Analysis of competitive advantage is the subject of numerous theories of strategy, including the five forces model. The primary factors of the competitive advantage are innovation, reputation and relationships (Porter, 1985).

According to Porter (1985), sustainable competitive advantage is derived from the following: unique competitive position, clear tradeoffs and choices vis-a-vis competitors, activities tailored to the company's strategy a high degree of operational effectiveness. He concludes that when activities complement one another, rivals will get little benefit unless they successfully match the whole system. Such situation tends to promote a winner-taker-all competition, Michael Porter distinguishes between strategic positioning and operational effectiveness, which are often confused. Operational effectiveness means performing similar activities from rivals or performing similar activities in different ways. When attempting to identify companies' advantages will be enduring, it is critical to understand this distinction, since few companies have competed successfully on the basis of operational effectiveness over an extended period.

Inherent within the notion of strategy is the issue of competitiveness, which deals with gaining advantage over competitors. Michael Porter's five forces frame was originally developed as a way of assessing the attractiveness (profit potential) of different industries. As such it can help in
identifying the sources of competition in an industry or sector. According to Pearce and Robinson (1999), the cornerstone of Porter's work first appeared in the Harvard Business Review, in which he explains the five forces that shape competition in an industry. His well-defined analytical frame helps strategic managers to link remote factors to their effects on a firm's operating environment.

In line with the five forces framework, Pearce and Robinson (1999), point out those different forces take on prominence in shaping competition in each industry. Every industry has underlying structure or set of fundamental economic and technical characteristics that gives rise to these competitive forces. The strategist wanting to position his or her company to cope best with its industry environment or to influence that environment in the company's favor must learn what makes the environment tick. Porter (1980) identifies five contending forces that drive the industry competition namely the threat of entry, bargaining power of suppliers and buyers, threat of substitute service.

Potential Entrants

Threat of New Entrants

Bargaining of Suppliers

Industry Competitors

Bargaining Power of Buyers

Rivalry Among Existing Firms

Substitutes

The Five Competitive Forces that Determine Industry Profitability Kilde: Michael E. Porter: Competitive Advantage. 1998
successfully. These should be seen as providing delays to entry and not as permanent barriers to determine potential entrants. The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect. If barriers to entry are high and a newcomer can expect sharp retaliation from the entrenched competitors, he or she obviously will not pose a serious threat of entering (Pearce and Robinson, 2007).

Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers therefore can squeeze profitability out of an industry unable to recover cost increases in its own prices (Pearce and Robinson, 1999). Customer can force down prices, demand higher quality or more service, and play competitors off against each other all at the expense of industry profits (Pearce and Robinson, 1999).

Substitution reduces demand for a particular class of service as customers switch to the alternatives, even to the extent that this class of service or services becomes obsolete (Johnson, and Scholes, 2005). A firm's ability to attract and hold capable employees is essential to its success. However, a firm's personnel recruitment and selection alternatives are often influenced by the nature of its operating environment. A firm's access to needed personnel is affected primarily by the firm's reputation as an employer, local employment rates, the ready availability of people with needed skills, and its relationship with labour unions (Pearce and Robinson, 1999). According to Hill and Jones (2000), competitive advantage is the ability of a company to outperform competitors within the same industry. They go on to say that innovation, efficiency and customer responsiveness, can be regarded as three of the main building blocks of competitive advantage.

Quality which is a superior efficiency enables a company to lower its costs: superior customer responsiveness allows it charge a higher price and superior innovation can lead to higher prices or unit costs. Together these four factors help a company create more value by lowering costs or differentiating its service from those of competitors. Hill and Jones (2001), observed that successful innovation can revolutionalize industry structure. He went further to state that one of the most common consequences of innovation has been to lower fixed costs of service thereby
reducing barrier to entry and allowing new and smaller enterprise to complete with large established operations.

Rivalry among existing competitors takes the various forms of jockeying for position using tactics like competition, advertising battles, services introduction and increased customer service, either feel the pressure or see the opportunity to improve their. The factors that determine the intensity of competitive rivalry can and do change (Abrahamsen and Williams, 2005). A very common example is the industry growth brought about by industry maturity. As the industry matures its growth rate declines resulting to an intensified rivalry declining profits and often a shakeout (Porter, 1980). Aosa (1992) concluded that the fact that companies strive to maintain an edge over their competitors was an indication of the desires of the companies to survive. Aosa further held that as complexity increased the companies reacted differently to maintain their competitive edge.

Writing on the future competition Praharad and Hamel (1990), wrote ‘is management fully alert of the dangers posed by the new unconventional rivals? Are potential threats to the current business model widely understood?’. This collaborates with the situation pertaining in the Kenyan Courier Industry whose environment has become more competitive due to low barriers to entry. Aosa (1992) found that for the competitive strategy model to be applicable in Kenya, it required the inclusion of additional strategic forces when compared to similar model put forward in developed countries context. This new model had the following forces, customers, suppliers, competitors, logistics, power play and government. The essence of formulating competitive strategy is relating a company to its environment.

According to Kotler (1998), if two brands cannot be easily distinguished, it may be confusing for consumers to make choice between them. Aaker (1996), write that Japanese firms believe that customers want to do business with successful well known firms, not only to be reassured about likely service quality but also to be associated with the prestige of a successful firm. Images can be amplified by strong symbols the company can chose a symbol such as a lion, a famous person or even a colour or just a logo. A successful brand is a name, symbol, design or some combination which identifies the service or service of a particular organization as having a
sustainable differential advantage. The importance of brands to consumers is that they help simplify buy decisions (Baker, 1992). Sustainable activities that provide one or more of the opportunities relative to key industry forces should become the basis for differentiation aspects of the businesses competitive.

A company's competitive strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. As such one of the approaches of achieving a distinct competitive strategy is through a differentiation strategy (Porter, 1980). Although all services or services can be differentiated not all brand differences are worthwhile or meaningful to customers (Kotler, 2000), (Porter, 1980) and (Aaker, 1984). The challenge is to establish a difference that is relevant to customers. An organization is also faced with a challenge of how many differences to promote (Aaker, 1984). The market battles demand that each firm brings out clearly the big idea, about its service, that makes the offering different from what is being offered by competition (Stanton, 1984). It is that difference that determines the extent of competitive advantage for the firm (Craven, 1990). A firm can distinguish what it's offering from the competition by offering something different, away from what is currently known (Kotler, 2003). Furthermore a firm can become unique in one aspect in a particular service class, category of users, use of the service, attributes, price and quality (Kotler, 2003).

The emerging critique during the 1990S led to the development of alternanative views. These form the basis of what has become known as the Resource-Based Approaches that take a largely Inside-Out Approach to the creation of sustainable competitive advantage which depends on; hard to imitate organizational capabilities based on business processes which distinguish a company from its competitors in the eyes of the customers (Stalk, 1982). It also depends on core competence based on skills and technology -the collective learning of the organization (Prahalad &Hamel, 1990). Writing on the same Hall (1994), records that sustained competitive advantage also depends on possession of capability differentials which are fed from a feedstock of intangible resources. Further, depending on distinctive capabilities which are a feature which are of its relationship and which others lack or cannot easily reproduce (Kay, 1995).
Looking at the resource based view Hill and Jones (2001), hold that the primary objective of strategy is to achieve a competitive advantage. Attaining this goal demands a two prolonged effort; a company needs to purse strategies that they build on its existing resources and capabilities i.e. its competences as well as strategies that build additional resources and capabilities i.e. developing new competences and thus enhance the company's long run competitive position. The strengths of an organization are grounded in its resources, capabilities and competences. Over the long term, companies must avoid competitive failure and sustain competitive advantage.

Positioning depends upon exploiting the sources of competitive advantage that exists as a result of the underlying economic structure of the industry. Competitive can be divided into two types-low cost or differentiation. A further dimension to be considered is the scope of the activities over which advantage is to be sought, many segments of the industry or just one or two. Porter (1998) argues that it requires organizations to make a choice between the various generic strategies. Finally; the company needs to consider how to implement the chosen strategy. Porter (1985) argues that the activities that the organization undertakes and ways, in which they are linked, as highlighted by the value chain and value system, can all contribute to the strategy if they exploit the resources of cost efficiency or value added available.

2.5 Achieving Sustainable Competitive Advantage Through Service Differentiation Strategies in Courier Industry

The sustainability of differentiation depends on two things: the continued perception of value by the buyers and the lack of imitation by competitor's. Imitation narrows perceived differentiation, rendering differentiation meaningless: AMC pioneered the Jeep passenger version of a truck 40 years ago. Ford created the Explorer, or luxury utility vehicle, in 1990. It took luxury car features and put them inside a jeep. Ford's payoff was substantial. The explorer has become Ford's most popular domestic vehicle. However, virtually every vehicle manufacturer offered a luxury utility in 2003, with customers beginning to be hard pressed to identify clear distinctions lead models. Ford's Explorer managers were looking for a new business strategy for the next decade that relied on new sources of differentiation and placed greater emphasis on low cost components in
their value chain. Locally, pharmaceutical companies imitate each others services this has rendered differentiation a weak tool for creating a competitive edge instead cost leadership has gained more clout as a competitive strategy (Porter, 1998).

Sustainable competitive advantage can be achieved through service differentiation strategy as follows; technology development Cutting -edge service technology and service features to maintain a distinct image and actual service, human resource management- Programmes to ensure technical competence of sales staff and marketing orientation of service personnel. Courier service companies can gain a strong competitive advantage through better trained people. Well selected, trained and motivated Personnel make a high contribution to customer satisfaction as they exhibit competence, a caring attitude, responsiveness, initiative, a problem solving ability and goodwill. Better trained staff displays competence by displaying required skills and knowledge. They display courtesy by being friendly, respectful and considerate. They are credible by being trustworthy and are reliable by providing the service consistently and accurately. They are responsive, being quick to respond to customers' needs and communicate clearly (Porter, 1998).

Service quality is a customer's perception of how well a service meets or exceeds their expectations can be achieved through; Understanding of customer expectations by courier companies, managing service expectations. Some courier companies delivers letters and documents and also offer outsourced messenger services. In time courier ltd has "in house services", a concept whereby the company provides outsourced services to subject organizations. Other companies like ups have advanced tracking technology that enables the customers to track the progress of their shipment through the internet from the point of dispatch to the point of delivery. It is important to note that a few postal/courier imperators in the industry have started to position their business by type of product/service to be delivered. For example, G4S Courier has a special package targeted at the pharmaceutical industry that is highly volume discounted.


Companies can achieve sustainable competitive advantage through the way they design their distribution channels, their geographical coverage and performance. Due to the entry in the
market by many local entrepreneurs the Courier Service industry is no longer influenced by oligopolistic behavior by the established firms and this situation has lead to genuine competition and extensive coverage of Kenya with network of Operations into small towns and rural areas (Abrahamsen and William, 2005).

A company can build an identity through the events its sponsors. In regard to attitude towards suppliers (Wickman, 2001), infers that positive or negative associations gained from ethnical stance of the supplier can be as a differentiator. These appeals to the customer at an emotion level. The sustainability of differentiation depends on only two things: the continued perception of value by the buyers and the lack of imitation by competitors. The differentiation strategies used by G4S Courier Service Company to achieve Sustainable Competitive advantage have not been studied before and this study will provide knowledge in this area.

2.6 The concept of Positioning Strategy

The concept of positioning involves developing a marketing strategy aimed at a particular market segment and designed to achieve a desired position in the prospective buyer's mind. Marketers use a positioning strategy to distinguish their good or service from the competition and create advertisements to communicate the desired position (Boone and Kurtz, 1992). Positioning requires that firms adopt a process that would impact on the customers and the prospects as desired by Management.

![Figure 1 - Positioning concept](image-url)

The service (brand) meaning derived from the needs of the buyers comprising the market target

Positioning effectiveness
The extent to which management's positioning objectives are achieved in the target market

Positioning of the brand
The positioning of the brand by the buyers in the market target

Positioning Strategy
The Combination of marketing actions used to portray the positioning concept to targeted
Aaker (1991), came up with five key service features that influence positioning of a service/service. These are conformance quality, durability, reliability and reparability.

i. Buyers expect services to have a high conformance quality, which is the degree to which all the produced units are identical and meet the promised specifications. Suppose a Porsche 944 is designed to accelerate to 60 miles per hour within 10 seconds. If every Porsche 944 coming off the assembly line does this, the model is said to have high conformance quality. The problem with low conformance quality is that the services will disappoint some buyers (Schmitt & Simonson, 1997).

ii. Durability is regarded as a measure of the service's expected operating life under natural or stressful conditions, is a valued attribute for certain services. Buyers will generally pay more for vehicle and kitchen appliance that have a reputation for being long lasting. However, this rule is subject to some qualifications. The extra price must not be excessive. Furthermore, the service must not be subjected to rapid technological obsolescence, as is the case with personal computers and video cameras.

iii. Reliability is a measure of the probability that a service will not malfunction or fail within a specified time period. Buyers normally will pay a premium for more reliable services. Maytag, which manufactures major home appliances, has an outstanding reputation for creating reliable appliances.

iv. Reparability is a measure of the ease of fixing a service when it malfunctions or fails. An automobile made with standard parts that are easily replaced by high reparability. Buyers prefer services that are easy to repair. Ideal reparability would exist if users could fix the service themselves with little cost in money or time. Some services include a diagnostic feature that allows service people to correct a problem over the telephone or advise the user how to correct it. Many computer hardware and software companies offer technical support over the phone, or by fax or email. Consider the steps taken by Cisco.

v. Design: The Integrating Force - As competition intensifies, design offers a potent way to differentiate and position a company's services and services. In increasingly fast-paced markets, price and technology are not enough. Design is the factor that will often give a company its competitive edge. It is the totality of features that affect how a service looks and functions in terms of customer requirements.
2.7 Adaptation of the Generic Strategies Framework

Michael Porters work in the mid-1980s led to a major debate about how organizations could create and sustain competitive advantage that has continued ever since including porter’s response to his critics and his own later changes to the positioning approach. Many of the early critics of the mutual exclusivity of Porters generic strategies came from among others Karmani (1984), Miller and Fresen (1986), Hill (1988), and Johnson and Scholes (1993). Did a low cost strategy mean selling at low prices and did a differentiation strategy require selling at a price premium. Later work, that has offered some clarity on these questions, whilst still being consistent with the overall positioning approach, is the: Strategy Clock developed by Cliff Bowman. In this adaptation of the generic strategic frame, Bowman and Faulkner (1996), argue that the key variable as far as positioning is concerned are those seen by the customer - price and perceived quality. Using these two dimensions a range of generic options (routes) can be identified for an organization within an industry. Using the analogy of a clock there are broadly five.

![Strategy Clock Diagram]

**Low**

**PRICE**

**High**

**Perceived Added Value**

**Focused Differentiation**

**Hybrid**

**Differentiation**


Potentially successful routes (combinations of price and perceived quality) and three routes are ultimately likely to fail. These are illustrated below.
According to Johnson & Scholes (2002), "no frill strategy (route 1) combines a low price, low perceived added value and a focus on a price sensitive market segment. A business may choose this strategy for market entry, and use it as a bridge lead to build volume and then move on to adopt other strategies. The low priced strategy (route 2) seeks to achieve a lower price than competitors whilst trying to maintain similar value of service or service to that offered by competitors. The firm must also strive to lower its cost base in order to sustain the low price strategy. The firm must reduce the cost base in a way competitors will find difficult to match. The hybrid strategy (route 3) requires that success depends on the firms' ability both to understand and deliver enhanced value in terms of customer needs whilst also having a cost base that permits low prices and is sufficient for reinvestment to maintain and develop bases for differentiation. The success of the strategy requires consistent innovative thinking (Bowman and Faulkner, 1996).

Broad differentiation strategies (route 4) seek to provide services or services unique or different from those of competitors in terms of dimensions widely valued by buyers. The hybrid strategy seeks to simultaneously achieve differentiation and price lower than that of competitors this is best exemplified by the Japanese car marker entry into the European markets during the 1980s and 1990s. Focused differentiation strategy (route 5) seeks to provide high perceived value justifying a substantial price premium usually to selected market segment. Among failure strategies (route 6) is to increase prices without increasing value to the customer. This strategy is one in which monopolies are accused of using. Unless a firm is protected by legislation or there exist very high economic barriers to entry, competition is likely to erode market share (Johnson and Scholes, 2002).

Failure strategies are also exemplified by firms reducing the value of a service or service whilst increasing relative price (route 7). Another example is strategy of reducing value of the service or service and maintaining price. There also exist an additional basis for failure (route 8) if the business is unclear as to its fundamental generic strategy such that it ends up being stuck in the middle (Johnson and Scholes, 2002).
2.8 Summary of Literature Review

Kotler (2000) defines a service as any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. The market battles demand that each firm brings out clearly the big idea, about its service, that makes the offering different from what is being offered by competition (Stanton, 1984).

Service differentiation is to secure a measure of control over demand for a service advertising or promoting difference between a company's service and that of competing sellers. Strategies based service differentiation seek to establish fundamental differences in a variety of dimensions so that buyers perceive a marked contrast between the services of one firm and its rivals Mac million and Mac Grath, (1999). According to Kotler (2000), differentiation is more effective if firm differentiates along the five dimensions; services, personnel, channels, image and price. Although all services can be differentiated not all brand differences are worthwhile or meaningful to customers Kotler (2000), Porter (1980), Aaker (1984). The challenge is to establish a difference that is relevant to customers.

According Michael Porter (1985), sustainable competitive advantage is created through three method cost leadership, differentiation and focus approach and the sustainability of differentiation strategy is evaluated through the following: a unique competitive position, applicability to multiple situations, Sustainability, Superiority to competition and difficult to replication.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design
The proposed study was a case study. The study aimed at establishing from customer viewpoint the extent to which service differentiation strategies can be used G4S Courier Service Company operating in Nairobi-Kenyan market to achieve Sustainable Competitive Advantage. A case study was appropriate as it involves a careful and complete observation of social unit-person, institution, family, cultural group, or an entire community and emphasizes depth rather than the breadth of study (Kothari, 1990). The design was valuable for an in-depth contextual analysis. The pertinent primary and secondary data were collected to meet the objective of the study. The researcher personally interviewed the respondents using the pre-prepared interview guide.

3.2 The Data Collection
The study used both Primary and Secondary data. Pertinent data was collected from overnight service customers in Nairobi. Overnight service is the core business of G4S Courier. The overnight service customers targeted for interviewing were the procurement officers in various corporate organizations, Heads of families, Sales representatives, Marketing Personnel, Management personnel responsible for planning.

<table>
<thead>
<tr>
<th>Table 3.2: Selection of service line as unity of analysis</th>
<th>Number of customer within Nairobi</th>
<th>%</th>
<th>Target respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight service</td>
<td>200</td>
<td>20%</td>
<td>40</td>
</tr>
</tbody>
</table>

The researcher designed the interview guide on the basis of the objective of the research and the study's literature review. The primary data was supplemented by secondary data from the existing records of Ministry of Transport, Communication Commission of Kenya (CCK), Ministry of Information and Communication, Journals and Organization's internal circulars. The questionnaire was divided into two parts. Part 1 carried questions on the general information...
about a customer's firm or individual details. Part 2 carried questions on the likert scale aimed at determining the extent to which service differentiation strategies can be used by G4S Courier Service Company operating in Nairobi to achieve sustainable competitive advantage in respect to service differentiation, personnel differentiation, channel differentiation and image differentiation. Drop and Pick later method was used to administer the questionnaire. Follow up was done via personal visits, telephone calls or e-mail to enhance response rate.

3.3 Data Analysis

Descriptive statistics used to analyze the data involved editing, coding, tabulation and analysis of data. Data in part 1 of the questionnaire were analyzed using frequencies and percentages to summarize the demographic profiles of the respondents. Data in part 2 were analyzed using mean scores and standard deviation to determine the extent to which service differentiation strategies could be used to achieve a sustainable Competitive advantage.
4.1 Introduction
This chapter explains how the data has been analyzed and the findings. Descriptive statistics have largely been used to summarize the data. The findings are presented in sections that cover the profile of the respondents, extent to which service differentiation strategies are used by G4S Courier Service Company operating in Nairobi to achieve sustainable competitive advantage.

4.2 Respondent's profile
Questionnaires were sent to overnight service courier customers in Nairobi at random ensuring that at least there was a representative from each stratum. A total of 40 questionnaires were received and analyzed. These questionnaires represented each stratum. This is a response rate of 100% of what was targeted. Characteristics of the respondents are described in the ensuing sections.

4.2.1 Type of Organization
Figure 2 below shows the ownership structure of the courier companies that responded to the survey.

Figure 2 - type of organization
Most of the organizations (84%) that responded were sole proprietorship, while 12% are corporate organizations while the rest (4%) are Agents.

4.2.2 Ownership

In terms of ownership over 75% of the companies indicated that they are owned by Kenyans, 15% by foreigners (non-Kenyans) and only 10% others for individual.

Table 2: Ownership

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyans only</td>
<td>30</td>
<td>75</td>
</tr>
<tr>
<td>Foreigners (non-Kenya)</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Others for individuals</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.3 Respondents' Rank

In determining the respondent's ranks, information was gathered from the sampling population as detailed in Table 3.

Table 3: Respondents' rank

<table>
<thead>
<tr>
<th>Respondent position</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement officers</td>
<td>11</td>
<td>27.5</td>
</tr>
<tr>
<td>Sales representatives</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Marketing personnel</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Heads of families</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Managers</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>No response</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.2.4 Personnel Numbers

As indicated in Table 4 below, 50% of the customers' organizations sampled indicated that they have employed between 0-50 staff, while 20% have employed staff of between 51-100, 7.5%, 5%, 2.5% have employed 101-1000, 1001-1500 and above 1500 staff, while 15% were individual customers.

Table 4: Approximate no. of Personnel employed by overnight service customers' firms

<table>
<thead>
<tr>
<th>No of staff</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>51-100</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>101-1000</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>1001-1500</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Above 1500</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>Others for individual customers</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.5 Length of Operations

In determining the period of time the sampled customers have been in operation in Kenya, the information gathered from the respondents as revealed in Table 5 below, reveals that 47.5% have been in operations for Less than 8 years, 25% have been in operation for 25-33 years and 15% of the customers are individual customers.

Table 5: Length of operations in Kenya

<table>
<thead>
<tr>
<th>Length of operations</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 8 years</td>
<td>19</td>
<td>47.5</td>
</tr>
<tr>
<td>25-33 years</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>More than 34 years</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Others for individual customers</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3 Service Differentiation Strategies

A number of service differentiation strategies are used by G4S Courier Service Company operating in Nairobi to differentiate itself in the market to achieve a sustainable competitive advantage. G4S Courier Service Company like any other courier organization use service differentiation strategies to differentiate itself in the different markets that it operates in. The researcher broadly categorized the service differentiation strategies into the target market it serves. Service quality, pricing, service reliability, ease of use, personnel, image and channel strategies are adopted among others. The researcher was interested in determining the extent to which these variables are used by G4S courier Service Company operating in Nairobi-Kenya market to achieve sustainable competitive advantage. This was measured in way of a five-point Likert scale, where respondents who were overnight service were required to indicate to what extent they perceived the use of a given service differentiation in relation to certain aspects of overnight service.

The range was 'Very Large Extent'(s) to 'No Extent at all' (1). The scores of 'No Extent' and 'Small Extent' have been taken to present a variable which is used to a small extent (S.E) by the G4S courier company (equivalent to mean score of 0 to 2.5 on the continuous Likert scale; 0= S.E <2.5). The scores to 'To Some Extent' have been taken to represent a variable that is used to a moderate extent (M.E.) by G4S courier company (equivalent to a mean score of 2.5 to 3.5 on the continuous Likert scale; 2.5=M.E. <3.5). The score of both 'Large Extent' and 'Very Large Extent' have been taken to represent a variable, which is used to a large extent (L.E.) in the market (equivalent to a mean score of 3.5 to 5.0 on a continuous Likert scale; 3.5= L.E. <5.0). A standard deviation of >1 implies a significant difference in the extent to which the variable is used by G4S courier company and vice versa.

4.3.1 Service Differentiation Through Service Reliability

One of the ways that G4S courier Service Company operating in Nairobi-Kenya differentiate itself in the market that it serves is through service reliability in relation to a number of service aspects. The study therefore sought to establish the extent to which overnight service customers
in Nairobi perceive overnight service reliability in relation to service aspects as indicated in table 6 below.

### Table 6: Service differentiation through service reliability

<table>
<thead>
<tr>
<th>Service aspect</th>
<th>Respondent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers' items deliveries</td>
<td>39</td>
<td>4.54</td>
<td>0.508</td>
</tr>
<tr>
<td>Customers' items collections</td>
<td>39</td>
<td>4.42</td>
<td>1.139</td>
</tr>
<tr>
<td>Customers' items safety</td>
<td>40</td>
<td>4.38</td>
<td>1.169</td>
</tr>
<tr>
<td>Record keeping</td>
<td>37</td>
<td>3.65</td>
<td>1.018</td>
</tr>
<tr>
<td>Consistency in meeting service level agreements</td>
<td>39</td>
<td>2.88</td>
<td>0.833</td>
</tr>
<tr>
<td>Meeting customers' expectations</td>
<td>35</td>
<td>2.54</td>
<td>1.067</td>
</tr>
</tbody>
</table>

The most targeted overnight service reliability aspects were customers' items deliveries, customers' items collections, and customers' items safety with mean scores of 4.54, 4.42, and 4.38 respectively as summarized in Table 6 above. The least targeted overnight service reliability aspects on the other hand were record keeping, consistency in meeting service level agreements and meeting customers' expectations with mean scores of 2.88, and 2.54 respectively.

#### 4.3.2 Service Tangibles ease of use

Service tangible ease of use is another service differentiation strategy that G4S Courier service operating in Nairobi use in differentiating itself. The researcher sought to find out to what extent G4S courier service company use service tangible ease of use to achieve sustainable competitive advantage. The results are indicated in Table 7;

### Table 7: Service differentiation through service tangible ease of use

<table>
<thead>
<tr>
<th>Service tangible</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing system</td>
<td>38</td>
<td>5.00</td>
<td>0.000</td>
</tr>
<tr>
<td>Waybills</td>
<td>35</td>
<td>4.84</td>
<td>0.473</td>
</tr>
<tr>
<td>Delivery sheets</td>
<td>37</td>
<td>4.62</td>
<td>1.898</td>
</tr>
</tbody>
</table>
In regard to the extent to which service differentiation through service tangible ease of use is concerned the responses were summarized in form of mean scores and standard deviation detailed in Table 7 above. The most preferred means of service differentiation through service tangible ease of use were billing system, waybills and delivery sheets with mean scores of 5 and 4.84, and 4.62 respectively.

4.3.3 Service Differentiation Through Pricing
A number of aspects are involved when differentiating service through pricing. Service differentiation through customer value delivery in relation to offering premium quality, provision of mobile services, convenient mode of payment, competent error handling, Cost effectiveness and superior services are service differentiation strategies used by G4S courier Service Company operating in Nairobi-Kenya to achieve sustainable competitive advantage. There seemed to be agreement in the extent to which G4S courier company operating in Nairobi use these service differentiation strategies given that the standard deviations were below 1. Despite this G4S Courier Service company does not have a clear proper pricing mechanism in place. Various pricing formulae are used by the Company meaning that there is no consistency in pricing.

<table>
<thead>
<tr>
<th>Price aspect</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer premium quality</td>
<td>38</td>
<td>4.79</td>
<td>0.509</td>
</tr>
<tr>
<td>Provision of mobile services</td>
<td>38</td>
<td>4.79</td>
<td>0.588</td>
</tr>
<tr>
<td>Convenient mode of payment</td>
<td>40</td>
<td>4.73</td>
<td>0.827</td>
</tr>
<tr>
<td>Competent error handling service</td>
<td>38</td>
<td>4.71</td>
<td>0.550</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>38</td>
<td>4.54</td>
<td>0.658</td>
</tr>
<tr>
<td>Superior services</td>
<td>40</td>
<td>4.31</td>
<td>0.549</td>
</tr>
</tbody>
</table>

4.3.4 Service Differentiation Through Service Quality
Quality plays a critical role in the choice of any service. It also contributes towards ensuring that there is repeat usage of similar service. Table 9 indicates the extent to which G4S courier service
company operating in Nairobi use different service quality indicators in differentiating itself in the target market to achieve sustainable competitive advantage.

Table 9: Service differentiation through service quality

<table>
<thead>
<tr>
<th>Quality indicator</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using efficient processes</td>
<td>40</td>
<td>5.00</td>
<td>0.000</td>
</tr>
<tr>
<td>Accurate procedures</td>
<td>40</td>
<td>4.96</td>
<td>0.196</td>
</tr>
<tr>
<td>Understanding customers' expectations</td>
<td>20</td>
<td>4.92</td>
<td>0.289</td>
</tr>
<tr>
<td>Simple processes</td>
<td>40</td>
<td>4.81</td>
<td>0.402</td>
</tr>
<tr>
<td>Flexible service that suit clients needs</td>
<td>40</td>
<td>4.81</td>
<td>0.402</td>
</tr>
<tr>
<td>Quick flow of service activities</td>
<td>40</td>
<td>4.81</td>
<td>0.801</td>
</tr>
<tr>
<td>On time delivery</td>
<td>37</td>
<td>4.78</td>
<td>0.850</td>
</tr>
<tr>
<td>Well coordinated service activities</td>
<td>40</td>
<td>4.73</td>
<td>0.827</td>
</tr>
<tr>
<td>We allow customer participation</td>
<td>40</td>
<td>4.31</td>
<td>0.471</td>
</tr>
</tbody>
</table>

In determining the extent to which service differentiation through service quality can be used by G4S Courier Service company operating in Nairobi to achieve sustainable competitive advantage data were collected from overnight service customers in Nairobi and the following were revealed; use of efficient processes, accurate procedures and understanding customers' expectations had the highest mean scores of 5, 4.96 and 4.92 respectively, an indication that G4S Courier company to a large extent use efficient processes, accurate procedures and understanding customers' expectations as a service differentiation strategy, while on time delivery, well coordinated service activities and we allow customer participation, had the least mean scores of 4.78, 4.73 and 4.31 respectively, an indication that the service differentiation strategies are only used to a small extent.

4.3.5 Service Differentiation Through Personnel

The quality, competence and knowledge of staff among other personnel aspects play a significant role in any growth of any organization. G4S Courier Company therefore devotes all the
necessary resources to endure that it has attracted personnel with qualities that it will use in differentiating itself in the targeted market.

Table 10: Service differentiation through personnel

<table>
<thead>
<tr>
<th>personnel aspect</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly committed</td>
<td>37</td>
<td>5.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Customer education</td>
<td>37</td>
<td>5.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Empathy to client</td>
<td>37</td>
<td>5.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Always alert</td>
<td>37</td>
<td>5.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Knowledgeable</td>
<td>38</td>
<td>4.92</td>
<td>0.408</td>
</tr>
<tr>
<td>Courteous to clients</td>
<td>38</td>
<td>4.92</td>
<td>0.408</td>
</tr>
<tr>
<td>Highly qualified</td>
<td>37</td>
<td>4.78</td>
<td>0.422</td>
</tr>
<tr>
<td>Positive towards clients</td>
<td>38</td>
<td>4.75</td>
<td>0.897</td>
</tr>
<tr>
<td>Highly competent</td>
<td>38</td>
<td>4.75</td>
<td>0.532</td>
</tr>
<tr>
<td>Smartly dressed</td>
<td>38</td>
<td>4.71</td>
<td>0.859</td>
</tr>
<tr>
<td>Highly motivated</td>
<td>38</td>
<td>4.58</td>
<td>0.830</td>
</tr>
<tr>
<td>Effective customer service</td>
<td>38</td>
<td>4.46</td>
<td>1.179</td>
</tr>
</tbody>
</table>

G4S Courier Company has therefore taken a lead in ensuring that it has personnel who are committed, always alert, knowledgeable, courteous, qualified positive to clients and are highly competent. Ratings on personnel differentiation aspects scored between 4.75 and 5.00, an indication that they are very largely used in differentiation while the standard deviations remained very minimal at below 1.

4.3.6 Service Differentiation Through Channel

From the results deduced in Table 11, it can be observed that in terms of service differentiation through convenient location, outlets accessibility via personal visits and outlets accessibility through e-mails, telephone and fax had the highest mean scores of 5, 4.92, and 4.8 respectively, an indication that this is a popular method used by G4S Courier Company. Less congested locations and provision of mobile services had the least mean scores of 4.23 and 4.15
respectively. Despite the fact that the respondents also indicated that they preferred less congested locations and use of word of mouth to give direction to where the outlets are, there was a wide disparity among respondents as indicated by the high standard deviation that were more than 1 which was significant.

Table 11: Service differentiation through channel

<table>
<thead>
<tr>
<th>Channel aspects</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient location</td>
<td>40</td>
<td>5.00</td>
<td>0.000</td>
</tr>
<tr>
<td>outlets accessibility via personal visits</td>
<td>39</td>
<td>4.92</td>
<td>0.272</td>
</tr>
<tr>
<td>outlets accessibility through e-mails, telephone and fax</td>
<td>37</td>
<td>4.80</td>
<td>0.408</td>
</tr>
<tr>
<td>Less congested outlets</td>
<td>40</td>
<td>4.23</td>
<td>1.243</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>40</td>
<td>4.15</td>
<td>1.223</td>
</tr>
</tbody>
</table>

4.3.7 Service Differentiation Through Image

Marketing activities carried out by companies have a link in portraying image differentiation strategies that an organization adopts. The same applies to G4S courier company operating in Nairobi- Kenya.
Table 12: Service differentiation through Image

<table>
<thead>
<tr>
<th>Marketing aspects</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observe good work ethics</td>
<td>40</td>
<td>4.88</td>
<td>0.448</td>
</tr>
<tr>
<td>Involve Other employees</td>
<td>40</td>
<td>4.75</td>
<td>0.532</td>
</tr>
<tr>
<td>Have committed sales force</td>
<td>40</td>
<td>4.71</td>
<td>0.55</td>
</tr>
<tr>
<td>Train sales force well</td>
<td>37</td>
<td>4.48</td>
<td>0.665</td>
</tr>
<tr>
<td>Have a large sales force</td>
<td>37</td>
<td>3.83</td>
<td>0.65</td>
</tr>
<tr>
<td>Provide new items to media</td>
<td>38</td>
<td>3.79</td>
<td>0.977</td>
</tr>
<tr>
<td>Allow media to tell about us</td>
<td>37</td>
<td>3.00</td>
<td>0.739</td>
</tr>
<tr>
<td>Give special offers</td>
<td>38</td>
<td>3.00</td>
<td>0.978</td>
</tr>
<tr>
<td>Use items with product brand names</td>
<td>37</td>
<td>2.96</td>
<td>1.461</td>
</tr>
<tr>
<td>Give items with corporate symbols</td>
<td>38</td>
<td>2.79</td>
<td>1.414</td>
</tr>
<tr>
<td>Give variety of gifts</td>
<td>37</td>
<td>2.52</td>
<td>1.082</td>
</tr>
<tr>
<td>Donate to charity work</td>
<td>38</td>
<td>2.42</td>
<td>1.139</td>
</tr>
<tr>
<td>Sponsor various sports events</td>
<td>38</td>
<td>1.67</td>
<td>1.049</td>
</tr>
</tbody>
</table>

Most of the respondents indicated that use observation of good work ethics as image differentiation strategy (4.88). Enhancement of teamwork through involvement of other employees (4.75) is also another image differentiation strategy. Comparatively with other broad category differentiation strategies, marketing activities differentiation strategies are not mostly used by G4S courier service company operating in Nairobi-Kenya. Based on the ratings on the marketing activities it can be concluded that G4S is just average with sponsorships falling below small extent. There was a wide disparity among the respondents given that the standard deviations in most marketing activities were more than 1.
4.3.8 Broad Summary of Service Differentiation Strategies

Broadly analyzed, it can be argued that Quality (4.79), personnel (4.77), ease of use (4.76), Price (4.67), Reliability (4.65) and channel (4.52) are used to a very large extent by G4S Courier Service operating in Nairobi - Kenya as service differentiation strategies to achieve a sustainable competitive advantage in Nairobi market.

Table 13: Broad summary of Service differentiation strategies

<table>
<thead>
<tr>
<th>Service differentiation strategies</th>
<th>Respondents</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>40</td>
<td>4.79</td>
<td>0.298</td>
</tr>
<tr>
<td>Personnel</td>
<td>38</td>
<td>4.77</td>
<td>0.355</td>
</tr>
<tr>
<td>Reliability</td>
<td>40</td>
<td>4.76</td>
<td>0.372</td>
</tr>
<tr>
<td>Price</td>
<td>40</td>
<td>4.67</td>
<td>0.333</td>
</tr>
<tr>
<td>Ease of use</td>
<td>40</td>
<td>4.65</td>
<td>0.275</td>
</tr>
<tr>
<td>Channel</td>
<td>40</td>
<td>4.52</td>
<td>0.503</td>
</tr>
<tr>
<td>Image</td>
<td>38</td>
<td>3.37</td>
<td>0.523</td>
</tr>
</tbody>
</table>

On the other hand image differentiation is used to a small extent by G4S Courier Service operating in Nairobi.

4.3.9 Service Differentiation Challenges

Organizations face a number of challenges in differentiating their services in a particular market. Courier companies in Kenya indicated that they face the challenge of a slow market growth. This poses a challenge especially to courier companies that are serving niche markets whose growth is slow. Operating in an environment where prices are always bound to increase due to poor developed infrastructure also poses a challenge to the courier companies that strive to position themselves using price. These infrastructural challenges also lead to some documents destroyed and also mishandled leading to lower maintenance of quality and also in some cases some loss. In Kenya there also a high number of courier companies that are not registered by the CCK and therefore not regulated. These courier companies therefore cause challenges in the competition arena.
Table 14: Service differentiation challenges

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Respondents</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow market growth</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Hope of rising due to price competition</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Mishandling leading to property loss</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>High taxation by government</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Fluctuating rates</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Stiff competition (both from local and international operators) leading to low prices</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Integrity, Dishonesty staff</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>No free movement of goods</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Unregistered operators in play</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction
This chapter discusses the findings gathered from the analysis of the data, as well as the conclusions reached. The chapter incorporates the various challenges and comments given by the respondents in the questionnaires. Findings have been summarized alongside the objectives of the study, conclusions have been drawn from the study and the recommendations for action are also given.

5.2 Discussion

5.2.1 Organizations Profile
Most of the organizations (84%) that responded were sole proprietorship, while 12% are corporate organization while the rest (4%) are agents. Like registration, ownership over 80% of the companies indicated that they are owned by Kenyans, 15% by foreigners (non Kenyans) and only 4%) others for individuals This is evidence that the overnight service customer firms are dominated by Kenya owned companies.

This study had sought to understand the service differentiation strategies that G4S Courier Service Company operating in Nairobi use and the extent to which it uses the same to achieve sustainable competitive advantage. This study largely adopted the key dimensions advocated by Kotler (2000), in which he postulated that differentiation is more effective if a firm differentiates along the five dimensions of services, personnel, channels, image and price.

5.2.2 Target Customers (Nairobi)
Target customers are one of the ways that organizations differentiate and position themselves through the customers that they serve. The study established that G4S courier service overnight service customers in a different way. G4S overnight Services are reliable to a very large extent
and the reliability is sustainable and can be used to achieve a sustainable competitive advantage according to respondents.

5.2.3 Service Differentiation Through Channel

G4S courier service company use to a large extent convenient location and outlet accessibility via personal visits and outlets accessibility through e-mails, telephone and fax as service differentiation strategies to serve its overnight service clients. Convenient location attracted a score of 5 out of 5 which means that it is very largely used. Outlet accessibility via personal visits scored 4.80 which is also an indication that G4S courier Service Company uses it as a service differentiation strategy. Despite the fact that the respondents also indicated that they prefer less congested outlets and Word of mouth, there was a wide disparity among respondents as indicated by the high standard deviation that were more than 1 which was significant. This explains why there is an emergence of mobile collection units. As a competitive mechanism, G4S has introduced new methods which include mobile vans and street collection points to build a competitive edge.

5.2.4 Service Differentiation Through Service Quality

Quality plays a critical role in the choice of any service. It also contributes towards ensuring that there is repeat usage of similar service (Parasuraman, 1988). Tangibility is the appearance of physical facilities, communication materials, equipment and personnel. Reliability refers to the ability to perform the promised service dependably and accurately. Use of efficient processes as a quality differentiation strategy is very largely used by G4S courier company as it attracted the maximum score of 5.00. Accurate procedures as service differentiation strategy used (4.96), understanding customer expectations (4.92) was also indicated as a strategy that is used to a large extent. Simple processes, flexible service that suit clients needs and quick flow of service activities each scored 4.81 indicating that they area equally largely used to achieve sustainable competitive advantage.
5.2.5 Service Differentiation Through Service Tangibles Ease of Use

Service tangibles ease of use is another service differentiation strategy that is used by G4S Courier Company. Service differentiation strategies through service tangibles ease of use relate to billing, waybills and delivery sheets. In all these aspects ratings indicated that they are to a very large extent used. Scores ranged between 4.62 and 5.00 for these service differentiation strategies.

5.2.6 Service Differentiation Through Pricing

A number of aspects are involved when differentiating service through pricing. Service differentiation through customer value delivery in relation to offering premium quality, provision of mobile services, convenient mode of payment, competent error handling, Cost effectiveness and superior services are service differentiation strategies used by G4S courier Service Company operating in Nairobi-Kenya to achieve sustainable competitive advantage. There seemed to be agreement in the extent to which G4S courier company operating in Nairobi use these service differentiation strategies given that the standard deviations were below 1. Despite this, G4S Courier Service Company does not have a clear proper pricing mechanism in place. Various pricing formulae are used by the Company meaning that there is no consistency in pricing. Despite this challenge, the pricing strategy must therefore be guided by the firm's positioning strategy (Payne, 2001) and (Craven, 1990). It is vital that when setting a price, value proposition and competitive position should be aligned, so that the best situation is arrived at to maximize revenue and profits. For example, here are three scenarios of highest, average and lowest prices can be set to achieve a sustainable competitive advantage.

5.2.7 Service Differentiation Through Image

Marketing activities carried out by companies have a link in portraying image differentiation strategies that an organization adopts. The same applies to G4S Courier Company operating in Nairobi- Kenya. Most of the respondents indicated that use observation of good work ethics as image differentiation strategy (4.88). Enhancement of teamwork through involvement of other employees (4.75) is also another image differentiation strategy. Comparatively with other broad category differentiation strategies, marketing activities differentiation strategies are not mostly used by G4S courier Service Company operating in Nairobi-Kenya. Based on the ratings on the
marketing activities it can be concluded that G4S is just average with sponsorships falling below small extent. There was a wide disparity among the respondents given that the standard deviations in most marketing activities were more than 1. It evident that the extent to which G4S Courier uses image cannot be used to achieve sustainable competitive advantage.

5.2.8 Service Differentiation Through Personnel
The quality, competence and knowledge of staff among other personnel aspects play a significant role in any growth of any organization. G4S Courier Company therefore devotes all the necessary resources to ensure that it has attracted personnel with qualities that it will use in differentiating itself in the target market. Empathy is the caring, individualized attention that a firm provides its customers. These service quality dimensions are based on customers' evaluation of the outcome, interaction with the personnel and physical environment.

G4S Courier Company has therefore taken a lead in ensuring that it has personnel who are committed, always alert, knowledgeable, courteous, qualified positive to clients and are highly competent. Ratings on personnel differentiation aspects scored between 4.75 and 5.00, an indication that they are very largely used in differentiation while the standard deviations remained very minimal at below 1.

5.2.9 Service Differentiation Through Service Delivery Systems
Service delivery systems are significant as adoption as a positioning strategy by organizations. To enhance its competitive edge courier service companies have developed new competitive mechanisms i.e. cooperation among players for delivery purposes. This is where most of the operators have affiliates with other companies in the sector which were mainly for delivery of items upcountry or overseas. Due to the crucial role played by the service delivery systems, courier companies have as a result ensured that their services are well co-ordinated and there is a smooth and fast flow of service activities Given these realization, G4S courier company have therefore empowered its staff to make quick service delivery decisions.
5.2.10 Service Differentiation Challenges

Organizations face a number of challenges in differentiating themselves in a particular market. Courier companies in Kenya indicated that they face the challenge of a slow market growth. This poses a challenge especially to courier companies that are serving niche markets whose growth is slow. This therefore is bound to create some service differentiation and positioning errors of under positioning, over positioning, confused positioning and doubtful positioning as pointed out by Kotler (2003), and Barkowitz et al (2002).

Operating in an environment where prices are always bound to increase due to poorly developed infrastructure also poses a challenge to G4S courier Service Company using pricing as a service differentiation strategy to achieve sustainable competitive advantage. These infrastructural challenges also lead to some documents either getting destroyed or mishandled leading to lower maintenance of quality and also in some cases loss. Service differentiation strategy as offering quality therefore becomes a challenge as highlighted by Kotler (2003); Barkowitz (2003); Stanton (1984).

In Kenya there are several courier companies that are not registered by the CCK and therefore not regulated. These courier companies therefore cause challenges in the competition arena. In such an environment the courier firms cannot promise to offer what they have no competitive advantage over their competitors (Craven, 1990). The management of G4S Courier Service Company may emphasize on holding the existing position and generating profits but avoid ventures into new grounds due to its priorities and resource constraints. The management of G4S Courier Company has to be careful when balancing what people want and what it costs to provide it (Barkowitz et al, 2003). However G4S courier Service Company has to remain focused and resist the temptation of copying what its competitors are doing as it may not do it in any better way (Kotler and Aaker, 2003).
5.3 Conclusion
Overall, G4S courier Service Company operating in Nairobi -Kenya use service differentiation strategies to achieve sustainable competitive advantage. The extent however to which G4S apply each service differentiation strategies differs from one differentiation strategy to the other. Broadly analyzed, it can be argued that quality (4.79) differentiation strategy is largely used by G4S Courier Service Company followed by superior staff/personnel (4.77) differentiation strategy. Service reliability (4.76), price (4.67), service tangibles ease of use (4.65) and channel (4.52) are also used to a very large extent by G4S courier service company in differentiating itself in Nairobi-Kenyan market to achieve a sustainable competitive advantage.

5.4 Recommendation
The world markets including local ones are all becoming competitive such that the efficient can only survive. Courier industry is not excluded given that it entails movement of good and courier document globally. G4S courier Service Company has tried to differentiate its services but only to niche markets that may not be sustainable in the long run. To pool economies of scale, I recommend that G4S courier Service Company enters into partnership arrangements so that it makes it more efficient and cost effective to operate.

5.5 LIMITATIONS OF THE STUDY
The study relied on the overnight service customers in Nairobi and only 20 % of customers were contacted for their views in relation to service differentiation strategies employed by G4S Courier Company. It can be noted that G4S has branches in all the major towns in Kenya including Mombasa, Nakuru, Edorate, Kericho, Kakamega, Kitale, Thika, Malindi, Isiolo, Kisumu, Nyeri and Embu. This therefore meant that much of the information used relies on a small number of customers.
5.6 SUGGESTIONS FOR FURTHER RESEARCH

This study had focused on overnight service line in Nairobi to determine the extent to which G4S courier service use service differentiation strategies to achieve sustainable competitive advantage. This mainly relied on what the respondents who are overnight service customers said about the service differentiation strategies employed. To try and provide a balanced opinion, I suggest that a similar study is done so as to evaluate the perception of consumers on service differentiation strategies used by G4S courier Service Company across the overnight and same day service lines in all the major branches in the country. This will be in line with what Aaker (1987) terms as brand awareness, brand associations, customer orientation, brand loyalty, product line breadth, and technical superiority.

This study relied on overnight service customer in Nairobi and yet there are a number of customers in all the major branches of G4S courier Service Company in Kenya. Based on this I suggest that further research be done across the service lines and in all the major branches to establish to what extent service differentiation strategies can be used by G4S courier service company to achieve a sustainable competitive advantage not in a particular market segment but in the Kenyan courier market.
REFERENCE


Communications Commission of Kenya 2005.

Courier Industry Association of Kenya.


WWW.LEARNMARKETING.NET


Appendix I

Cover Letter

Meshack Ochieng Onuong’a  
School of Business  
Department of Business Administration  
University of Nairobi  
P.O.Box 30197  
NAIROBI  

September 2009  

Dear Respondent,  

RE: COLLECTION OF A CASE STUDY DATA  

Good morning /afternoon. I am a postgraduate student at the University of Nairobi, at the faculty of commerce. In order to fulfill the degree requirement. I am undertaking a management research Project on achieving sustainable competitive advantage through service differentiation strategies used by the courier service companies in Nairobi: A case study of G4S courier service company.  

You have been selected to form part of this study. This is to kindly requested you to assist me collect the data by filling out the accompanying questionnaire which I will collect from your firm.  

The information you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give be treated with confidence. Your organization's name will not appear anywhere in my report. A copy of final paper will be easily available to you upon request.  

Your cooperation will be highly appreciated  

Thank you in advance.  

Yours faithfully  

Meshack Ochieng Onuong’a  

MBA Student  

University of Nairobi  

Dr. Raymond Musyoka  
Supervisor  

University of Nairobi  

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Appendix II

List of Licensed Courier Operators

Category A - Public Postal licensee
1 Postal Corporation of Kenya

Category B - International In bound Operators
1 B.K.B Couriers
2 Shuttle Express
3 Trade winds Express
4 Keepsake Express

Category C - International Operators
1 DHL Worldwide Kenya Ltd
2 Oversea Courier service Kenya Ltd. Taiyo Ltd
3 East African Courier Ltd (FedEx)
4 Skynet Worldwide Express K. Ltd
5 Transami K. Ltd
6 Air Care Charters and Brokers Ltd (TNT)
7 One World Courier
8 Rising Freight Ltd
9 Union Express (UNEX)
10 Nation Carrier Division
11 Mechanized Cargo Systems Ltd
**Category D - Regional Operators**

1. Securicor Security Services K Ltd
2. Akamba Public Road Services Ltd
3. Regional Coaches Services Ltd
4. Freight In Time Ltd.

**Category E - Intra Country Operators**

1. Ganatra Parcel Services Ltd
2. Roy Parcel Services Ltd
3. Nation Carrier Division
4. Silver Star Parcel Services Ltd
5. The Kenya Railways
6. Kenya Bus Services Ltd
7. Provincial Parcel Carriers Ltd
8. Urgent Parcel Services Ltd
9. Al-Micdads Parcel Services Ltd
10. Jihan Freighters
11. Garissa Parcel Services
12. Mololine Services Ltd
13. Mombasa liners Ltd
14. Frontier Telecommunications
15. Lumwa Security Services Ltd
16. Busscar Parcel Services
17 Nuclear Investment Ltd
18 N.T.L Parcel Services
19 Crossland services
20 FOUR N.T. Savings and Credit Society
21 2.N.K SACCO Ltd
22 Express Package Services Ltd
23 Nilean Enterprises Ltd (Speed Delivery Services Ltd)
24 Crescent Courier Express Ltd
25 Fargo Courier Ltd
26 Embokoti Enterprises
27 FAST flight Express Ltd
28 Rising Star Express
29 Huduma Mail ltd
30 Easy Coach Limited
31 Linear Parcel Services Ltd
32 Flightpath Aviation Ltd

**Category F - Intracity Operators**

1 Data Rush Services Ltd
2 In-Time Couriers ltd
3 Jojosmail
APPENDIX III
QUESTIONNAIRE
PART 1

GENERAL BACKGROUND INFORMATION

1) Name/Name of Company.................................................................(Optional)
2) Occupation.................................................................(Optional)
3) Gender: Male. . . . . ( ) Female ............ ( )
4) Indicate the category that best describes your organization
   Sole Proprietorship. . . . ( ) Corporate Organization. . . . ( ) Agents.... ( )
5) Using the categories below, please indicate the ownership of your firm(Please tick one)
   Foreign owned ... ( ) locally owned.... ( ) Others for Individual ........ ( )
6) Using the categories below, please indicate the number of staff your company employees
   (Please tick one)
   Less than 0 - 50 ( ) Between 51 - 100 ( )
   Between 101- 1000 () Between 1001- 1500 ()
   More than 1501 () others for individual customers ()
7) Using the categories below, please indicate the age bracket in which you fall.
   (Please tick one)
   Less than 8 years ( )
   25 - 33 years ( )
   More than 34 ( )
PART-2
Service Differentiation Strategy

Indicate the extent to which you perceive Overnight Service in terms of reliability, ease of use, service quality and price on a scale of 5-1 Where:

*(Please tick where applicable)*

5- Very Large extent, 4 - Large extent, 3 - Moderate extent, 2 - Small extent or 1 - No extent

2.1.1 To what extent do overnight service reliability relate to below service aspect?

<table>
<thead>
<tr>
<th>Service aspect</th>
<th>5</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>a) Customers' items deliveries</td>
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<td>b) Customers' items collections</td>
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<td>c) Customers' items safety</td>
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<td>d) Record keeping</td>
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<td>e) Consistency in meeting service level agreements</td>
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<td>f) Meeting customers' expectations</td>
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</table>

2.1.2 To what extent do you perceive our service tangibles in respect to ease of use?

<table>
<thead>
<tr>
<th>Tangible aspect of overnight service</th>
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<th>4</th>
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<tbody>
<tr>
<td>a) Billing system</td>
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<td>b) Waybills</td>
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<td>c) Delivery sheets</td>
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</table>
2.1.3 To what extent do you perceive our pricing in terms of customer value delivery in relation to below service aspects?

<table>
<thead>
<tr>
<th>Customer value</th>
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<tbody>
<tr>
<td>a) Offer premium quality</td>
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<td>b) Provision of mobile services</td>
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<td>c) Convenient mode of payment</td>
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<td>d) Competent error handling service</td>
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<td>e) cost effectiveness</td>
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<td>f) Superior services</td>
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</table>
2.1.4 To what extent do you perceive overnight service quality in relation to below service aspects?

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<tr>
<th>Quality indicator</th>
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<tbody>
<tr>
<td>a) Understanding customers' expectations</td>
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<td>b) Accurate procedures</td>
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<td>c) Using efficient processes</td>
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<td>d) Simple processes</td>
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<td>e) Flexible services that suit clients' needs</td>
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<td>f) Use of modern equipment</td>
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<td>g) Well coordinated service activities</td>
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<td>h) We service to satisfy our customers' needs</td>
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<td>i) On time delivery</td>
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<td>j) We allow customer participation</td>
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<td>k) Quick flow of service activities</td>
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</table>

2.2 Personnel Differentiation Strategy

Indicate the extent to which you perceive our staff in terms of responsiveness, service knowledge, appearance and empathy on a scale of 5-1 Where:

(Please tick where applicable)

5- Very Large extent, 4 - Large extent, 3 - Moderate extent, 2 - Small extent or 1 - No extent

<table>
<thead>
<tr>
<th>Personnel aspect</th>
<th>5</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>a) Empathy to clients</td>
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<tr>
<td>b) Responsiveness</td>
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<td>c) Customer education</td>
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<td>d) Competent worker</td>
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<td>e) Highly qualified</td>
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<td>f) commitment</td>
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<td>g) Always alert</td>
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<td>h) Knowledgeable</td>
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<td>i) Smartly dressed</td>
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</table>
2.3 Channel Differentiation Strategy

Indicate the extent to which you perceive distribution network in terms of accessibility, outlet, location, queuing system and communication on a scale of 5-1 where:

(Please tick where applicable)

5- Very Large extent, 4 - Large extent, 3 - Moderate extent, 2 - Small extent or 1 - No extent
2.4 Image Differentiation Strategy

Indicate the extent to which you perceive our image in terms of branding, corporate symbols, Sponsor, donation, media, work ethics, service equipment and outlets appearance on a scale of 1-5 where:

*Please tick where applicable*

5- Very large extent, 4- large extent, 3- some extent, 2- small extent, 1- no extent

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<tr>
<th>Strategy/Activity</th>
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<tbody>
<tr>
<td>a) Donate to charity work</td>
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<td>b) Sponsor various sports events</td>
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<td>c) Allow media to tell about us</td>
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<td>d) Provide news items to media</td>
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<td>e) Give items with Corporate symbols</td>
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<td>f) Use items with product brand names</td>
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<td>g) Give special offers</td>
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<td>h) Participate in exhibitions</td>
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<td>i) Give variety of gifts</td>
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<td>j) Have a large sales force</td>
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<td>k) Train sales force well</td>
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<td>l) Have committed sales force</td>
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<td>m) Involve other employees</td>
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<tr>
<td>n) Observe good work ethics</td>
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</table>

Thank you for taking your time to complete this questionnaire