

# Marketing Strategies for Competitive Advantage: A Survey of Selected Public and Private University in Kenya

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## ABSTRACT

Kenya's higher education has remained the fastest-growing segment of the education system over the past 20 years, with enrolments increasing on average by 6.2 percent per year. The current trend in universities is characterized by aggressive competition especially with the establishment of satellite centers across the country and use of different marketing communication (MC) tools to attract potential students. To examine the differentiation strategies used by public and private universities in Kenya to attain competitive advantage the study was conducted in one private and one public university in Nairobi, Kenya. The target population comprised of students, senior administrative staff and marketing units of the selected universities. Comparative study research design was used. Purposive sampling was used to select a private and a public university, based on student enrolment, brand image and demand for programmes offered. Following this, the selected universities were stratified by disciplines and courses taken and the respective respondents were finally selected using systematic random sampling. The data was collected using questionnaires and interviews. Questionnaires were used to collect data from students while interviews schedules were used to collect data from senior administrative staff, marketing units and key informants of the study. Both descriptive and inferential statistics (correlations and regression) through the use of statistical package for social sciences were used to analyze the raw data. The findings indicated there is variance in the application of differentiation strategies.

**Key Words:** *Differentiation, Marketing, University*

## 1. Introduction and Background to the Study

Competitive advantage is a concept which describes the degree of relative advantage possessed by an enterprise within its sector or markets as compared with other organizations with which it directly or indirectly competes; or with which its use of people, finance, and resources must be compared. In the 1960s and 1970s, concepts of competitive advantage often were predicated upon steep scale economics, and many tools of strategic analysis were built upon those economics (for example, growth-share matrices, experience curves, and industry-supply curves (Bekier, *et al.*, 2001). For much of the 1980s and 1990s, strategic analysis concentrated on the attractiveness of the external environment and issues of positioning – market share, relative cost position, first-mover advantage and the like. Recent examination of the firm has largely been devoted to the implementation of strategic plans.

Universities worldwide are undergoing unprecedented change and confronting multiple challenges brought about by the vast and complex processes of globalization and liberalization (Mok, 2003). Economic development is correlated with the development of higher education. Enrolment ratios in higher education average over 50% for the countries belonging to the organization for economic cooperation and development (OECD) compared to 21% in the middle income countries and six percent in low income countries (El-Khawas 1998). Kenya's higher education has remained the fastest-growing segment of the education system over the past 20 years, with enrolments increasing on average by 6.2 percent per year, Abagi (1995). This has been exemplified by the rise in enrolments in public and private universities, the proliferation of more private universities and the establishment of self-sponsored programmes in the public universities, Sifuna (1998). The current trend in universities is characterized by aggressive competition especially with the establishment of satellite centers across the country and use of different marketing communication (MC) tools to attract potential students. Developing a competitive strategy therefore, is vital to the survival and prosperity of any organization wishing to play any significant role in its relevant industry (Adrian and Palmer (2000).

## 2. Higher Education in Kenya

The field of higher education in Kenya is characterized by two main features, viz. Diminishing capitation especially for public universities, and an increase in both the number and variety of providers. With only one public university in 1970, the country now has 22 accredited public universities, and 17 chartered private universities. Several foreign universities also thrive in Kenya through campuses or in partnership with local, mostly non-university institutions. The field of higher education in Kenya is therefore quickly becoming a congested one. Other than reduced state financial support for public universities, Kenya's higher education is also generally characterized by limited differentiation. Partly as an attempt to broaden their share of the higher education market, Kenya's public universities, offer a wide range of almost similar programs, in some cases, beyond their core areas of strength. Private universities generally offer a small range of market driven programmes. From 1996 to 2000 higher education funding as a percentage of GDP averaged 0.94% and reduced in the period 2001–2005 when it averaged 0.74%. The context of competition and declining state financial support, therefore calls for some kind of response (Wangenge-Ouma 2008a).

## 3. Literature Review

### Competitive Advantage

A competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar, or possibly higher, prices. Essentially a competitive advantage answers the question, "why should the customer purchase from this operation rather than the competitor?" Barney (2002: 9) says that a firm experiences competitive advantages when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. A key point to understand is that a venture that has customers has customers for a reason. Saloner *et al.* (2001), says that most forms of competitive advantage mean either that a firm can produce some service or product that its customers value than those produced by competitors or that it can produce its service or product at a lower cost than its competitors. Successfully growing a business is often dependent upon a strong competitive edge that gradually builds a core of loyal customers, which can be expanded over time. Successful ventures engage in several business activities well, including marketing, production, distribution, finance, customer service, and/or other activities important to the enterprise. However, a competitive advantage is often a single key element that gives an edge to a business beyond what the competition has or does (Barone and Decarlo, 2003).

Competitive advantage according to (Lamb, Hair, and McDaniel, 2002) is a set of unique features of a company and its products are perceived by the target market as a significant and superior to the competition. It is the factor or factors that cause consumers to patronize a firm and not the competition. Most of the firms today adopt various strategies to outweigh their competitors such as product quality, cost leadership strategy, differentiation strategy, excellent customer service. Competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop same.

### Strategies for Differentiation

The strategy of differentiation can be achieved by brand image, technology, customer service or other dimensions. Product leadership organizations can create something perceived to be unique. Differentiation requires a perception of exclusivity. A highly respected education motivates students to apply to the HEI. Students nationwide acknowledge the superiority of the differentiated education, which may be based on extensive research, educational planning, high-quality teaching and intensive support for students. It also requires good marketing abilities, a reputation for quality, a long tradition and features to attract highly skilled labor, scientists and creative people. Only relatively few customers are willing or able to pay the required higher fees of differentiated education, (Kettunen, 2005).

A degree is an educational brand. An educational programme following the differentiation strategy may have a prestigious title such as the executive master of business administration (eMBA), it may have extremely high-quality courses abroad, the best lecturers and good customer care, all of which are crucial in attracting high-income business managers to this expensive education (Kettunen, 2003b). The following strategies may be helpful in differentiating a product or service from those of the competition. It is important to keep in mind that a venture's most effective differentiation-the one that will bring the venture the most success-will likely come from just one or two strategies.

### Location(s)

What about the venture's location is a draw to customers? The office or store location is often a very important factor, particularly for ventures selling directly to the public. Location should be chosen with care, preferably in an area near customer traffic. For example, in a farmer's market setting, is the booth located in a visible, convenient, and accessible place? Being tied to an existing location will directly influence other decisions, such as marketing, product distribution (such as mail order/internet versus roadside stand), and even product selection. If this is the case, would it be possible for the venture to partner with someone who has a better location, if the one provided is not as attractive? (Barone and Decarlo, 2003).

### Product Features and Benefits

What makes the product unique and desired? Consider product characteristics such as style, handling, taste, quality ingredients, comfort, production methods (such as natural or organic), certification and so on. Are the product characteristics significantly different from those of currently available products? Can the venture provide these features or benefits effectively? (King, 2005).

### Operating Procedures

What policies, processes, and standards could be employed to smooth operations, create value, and offer a positive customer experience? (King, 2005).

### Conceptual Framework

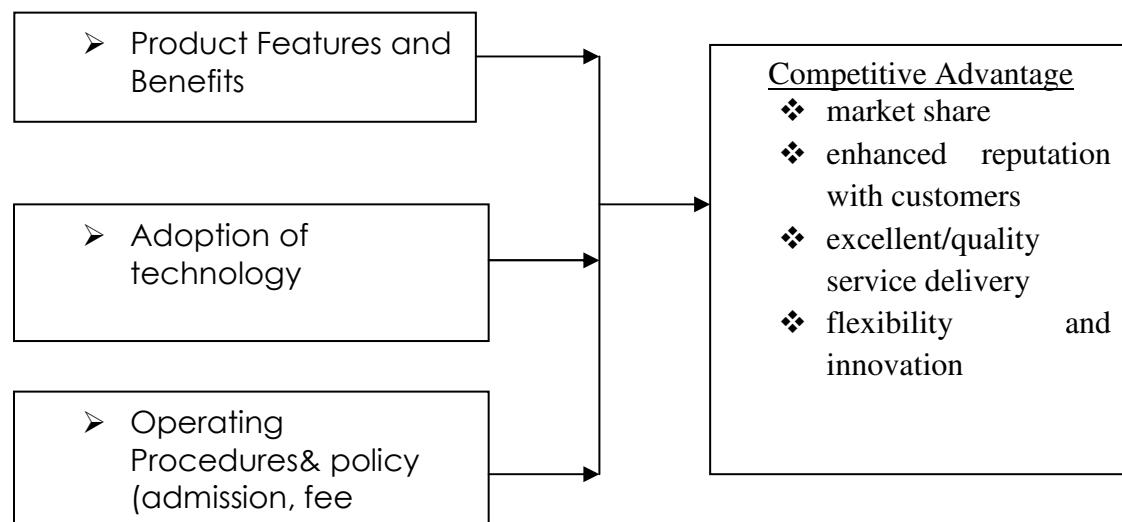
The study was based on the conceptual Framework depicted in Figure 1 below. The conceptual framework shows differentiation strategies used in public and private universities to attain competitive advantage. The extent to which the differentiation strategies are adopted and applied depends on the university's choice.

**Figure 1: Conceptual Framework**

#### Independent Variable

Differentiation strategies

#### Dependent Variable



### 4. Methodology

The target population comprised of students, senior administrative staff and marketing units of the selected universities. This comprised of 40 senior administrative staff, 20 marketing unit staff and 400 students from the selected universities. The researcher used questionnaires and interviews as the main instruments for collecting data. The questionnaires consisted of both structured and non-structured questions on the concept of competitive advantage and differentiation strategies adopted in universities, to gain a competitive advantage. Interviews were conducted with the senior administrative staff and marketing staff in the study area since they are involved in the strategic planning in their respective institutions. Informal interviews were administered to non-teaching staff to supplement the information obtained from questionnaires. Piloting of instruments was done to improve their efficiency in data collection. The researcher issued 30 questionnaires to a university other than the ones selected for the study. Reliability, which entails the accuracy and precision of the measurement procedure, was carried out using the cronbach's alpha test, whereby a coefficient of 0.7 indicated reliability of the questionnaire. Descriptive statistics (frequencies, percentages, and tables) were used in data analysis. The researcher also

calculated a co-relation co-efficient ( $r$ ) using Pearson's correlation coefficient method to determine the relationship between differentiation strategies and competitive advantage. Factor analysis on the other hand was used to examine key differentiation strategies used in public and private universities.

## 5. Findings

### Identification of Differentiation Strategies Used

Eleven items were initially proposed to measure differentiation strategies among Universities. The researcher used Principal Components Analysis (PCA) to extract a total of nine items that converged to measure differentiation strategies across universities. The nine items extracted loaded highly on four factors labeled: quality, value-addition, incentive programmes and student experience.

**Table 1 Underlying Factor Structure of the Differentiation Strategies**

Factor Structure for Differentiation	Loading	Eigen values	Variance explained
<b>Quality</b>		3.119	28.351%
The university has qualified lecturers	.817		
The programmes offered at the university meet the CUE requirements	.749		
Teaching methods utilized encourage student participation	.623		
<b>Value-Addition</b>		1.604	42.931%
The university has adopted technology in its operations	.624		
The university has a re-known brand name	.814		
<b>Incentive Programmes</b>		1.108	53.003%
The university's recreational facilities	.801		
The courses offered at the university are diverse	.619		
<b>Student Experience</b>			
Duration of learning in the university	.669	1.013	62.211%
The policies in the university consider the needs of the students	.764		
<b>Kaiser-Meyer-Olkin MSA</b>	.699		
<b>Bartlett's test of sphericity</b>	.000		

Source: Survey Data (2014)

Together the four factors accounted for 62.211% of the variance in differentiation strategies. These results are presented in Table 4.2 below. The results show that both public and private universities strive to gain competitive advantage through product/service differentiation. Thus the PCA was able to identify four strategies which the universities use to differentiate their products.

### Prevailing Differences in Differentiation Strategies by Public and Private Universities

To assess differences in differentiation strategies among private and public universities, respondents were asked their opinion on the nine items extracted to measure differentiation of products/services. Responses were elicited on a 5-point scale ranging from 1-strongly disagree to 5-strongly agree. Results of the cross tabulation of the mean response scores across the universities are presented in Table 2 below.

**Table 2 Distribution of Product/Service differentiation across Public and Private Universities**

	University			
	public		private	
	M	SD	M	SD
The university's recreational facilities	4.22	.908	3.46	1.111
The university has qualified lecturers	4.29	.698	4.70	.570
The programmes offered at the University meet the CUE requirements	4.24	.720	4.55	.601
Teaching methods utilized encourage student participation	3.82	.938	4.46	.687
Duration of learning in the university	3.66	1.239	4.04	1.044
The courses offered at the university are diverse	4.40	.847	3.71	1.057
The university has adopted technology in its operations	4.36	.742	4.61	.493
The policies in the university consider the needs of the students	4.01	.928	3.79	1.124
The university has a re-known brand name	4.06	1.150	4.38	1.184

Results revealed variations in mean response scores on most of the indicators used to measure differentiation of products/services among public and private universities. This implies that there is a distinct difference in application of differentiation strategies among public and private universities.

### Testing the Difference in Differentiation Strategies Used in Private and Public Universities in Kenya

Since there were only two levels of comparison (public versus private universities), independent samples t-test was used to test if the observed differences in differentiation strategies identified were significant.

**Table 3 Independent Samples Test of Differentiation Strategies**

	t-test for Equality of Means				
	t	df	Sig. (2-tailed)	Mean Difference (d)	Std. Error Difference
Quality	-4.901	155	.000	-.46252	.09438
Value addition	-2.284	155	.024	-.28810	.12613
Incentive programmes	5.951	155	.000	.71269	.11976
Student experience	-.615	155	.540	-.08893	.14466

Negative values indicate that application of the particular approach to differentiation strategy in public universities was lower than in private universities. This implies that private universities gain advantage over public universities in differentiating their products/services along quality and value addition. On the contrary, public universities appeared to gain advantage over their private counterparts in differentiating their services along student experiences.

### 6. Conclusion and Recommendations

The difference in the application of differentiation strategies indicate that each university strives to differentiates itself in one way or another in order to gain a competitive edge over its competitors. The findings revealed that private university differentiated itself by use of two strategies: quality and value addition; while public university differentiated itself by use of one strategy- students' experience. King (2005) also concurs with the above findings; that a product's uniqueness in terms of its features and other characteristics such as quality and style make it significantly different from those of similar available products thus differentiating the product from other products in the consumers eyes making it more desired. Overall, the empirical results showed a significant difference in the application of differentiation strategies in private and public universities. In other words, each university strives to be uniquely different from the other in order to gain a competitive advantage. It is the difference that determines the choice of a 'customer' to join and study either in a public or private university.

The findings from this study support that differentiation strategies that can be adopted in universities are diverse ranging from quality in terms of qualified lecturers and teaching methods used; value addition in terms of brand image and adoption of technology in universities; incentive programmes in terms of availability of recreational facilities and diverse programmes and students experience with reference to duration of learning and formulation of policies that are favorable to students in universities. The sub-dimensions of differentiation strategies used in prior research comprised location, service excellence, product features and benefits and operating procedures (Kettunen, 2005), King, 2005 and Matlay, 2009). Some of these dimensions were adopted but other sub-dimensions were added in this study namely: learner centred teaching methods, availability of recreational facilities, formulation of policies that are student friendly and availability of diverse programmes in universities. Therefore the addition of new sub-dimensions to differentiation strategies in the study findings contributes to knowledge to the existing literature.

Universities have put in place different mechanisms to differentiate their products in order to remain competitive. Both private and public universities utilize unique strategies in an endeavour to remain competitive. While some public universities would prefer to have satellite campuses in various parts of the country in order to gain a large market share, some private universities would prefer to operate in only one region of the country, focus on service excellence and charge high tuition cost. Eventually, the private universities earn almost the same revenue as public universities. Whereas private universities are keen on employing qualified lecturers, using student-centred learning approaches and offering free and reliable internet services, public universities opt for affordable tuition and living costs in the university, offering a wide range of programmes and formulating favourable policies to its students. This evidently indicates a quest for competitive advantage by both public and

private universities. Every university should endeavour to differentiate itself or its product from similar institutions in order to have a competitive edge. It is the uniqueness of a university that makes a potential customer choose the university or go to another university.

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