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# EFFECTS OF COMPETITOR FOCUS ON SUCCESS OF MARKETING STRATEGIES OF MICROFINANCE INSTITUTIONS IN KENYA

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## Abstract

This paper sought to analyze the effect of Competitor focus on success of marketing strategies of Microfinance Institutions in Kenya. The specific objectives which guided the analysis were; to evaluate the effect of Competitor pricing strategies on the success of marketing strategies of Microfinance Institutions in Kenya, to Analyze the effect of Competitor promotion strategies on success of marketing strategies of Microfinance Institutions in Kenya, and to Evaluate the effect of Competitor physical evidence strategies on success of marketing strategies of Microfinance Institutions in Kenya. The target population comprised of; Banks that offer microfinance services, Deposit taking MFIs, and Credit Only MFIs. The Chief Executive officers (CEOs) and the marketing managers /Marketing in charge of the MFIs comprised the study units. Census sampling which entailed studying the whole population was used. Data were collected using a semi structured questionnaire. Data were analyzed using descriptive statistics and multiple linear regression was used to examine how independent variables under study contributed to the dependent variable. The main finding was that, the effect of competitor focus on success of marketing strategies of MFIs in Kenya was not significant (.251>.050) The study recommended that MFIs should give greater attention to competitor focus because its effect on success of marketing strategies of MFIs in Kenya was not found to be significant. The findings of this study have been used to provide recommendations to MFIs; Academia and policy makers on how to enhance the marketing of MFIs services.

**Key Words: Competitor focus, Competitor services strategies, Competitor pricing strategies, Competitor Promotion strategies, Competitor physical evidence strategies.**

## 1.0 INTRODUCTION

Competitor focus is an effective strategy that exists in business and it is also gives a competitive advantage to a firm. An unbalanced focus towards the competitor services is undesirable because exclusive attention on the competition can lead to the neglect of some customers (Deshpande & Farley 2004). According to Narver and Slater (2010), competitor pricing strategies focus on understanding the strength and weaknesses of existing as well as potential competitors. Competitor pricing strategies also focus on discovering competitor attitude towards attracting more customers to its services. In order to maintain a competitive advantage in the marketplace, Wensley (2010) proposes a balanced mix of competitor promotion strategies and physical evidence strategies. This may include appealing front office design and a hospital ambience.

On the other hand, a firm should understand the market needs and adapt the market dynamics caused by competitor service delivery in order to enhance better firm performance. This is because the objective of competitor centered approach is to remain ahead of competitors. Besides, competitor focus assists a firm to arrange or plan their resources to provide customers satisfaction and add value to their services. In all this, the main specification is competitive pricing strategy and unique marketing channel which can be advantageous to organizational competitor focus (Wensley, 2010)

Firms operating in a perfectly competitive market structure experience a significantly higher degree of competition. This is mainly because the market has many players and each control only a small proportion of the total market supply (Kotler & Keller, 2016). The products and services provided in this market structure are homogeneous thus the buyers are indifferent as to the seller they patronize. Furthermore, there is ease of entry and exit into this market structure simply because there are no barriers to entry and exit. Asikhia and Bimuyo (2012) argue that the more the firms in an industry the higher the degree of competition because of the decreasing opportunities for growth.

Some empirical studies suggest that there is no relationship between competition and performance (Patier & Mia, 2009). On the other hand, Rosenberg (2009) established a positive relationship between competition and performance. Competition makes organizations produce higher quality goods and services as each organization endeavors to attain competitive advantage. The organizations are therefore able to attain Customer focus. According to Hermes and Meesters (2011) competition has been found to have negative impact especially in MFIs. They argue that competition causes reduced outreach efficiency, loan repayment and profitability. Furthermore, Rosenberg (2009) argues that competition forces MFIs to maintain a customer base by relaxing the lending regulations. This consequently brings on-board high-risk borrowers and the default rate ultimately rises. Pricing strategies according to Uppal (2010) influence competition in financial services organizations. It is therefore important to analyze whether MFIs in Kenya monitor competitor pricing strategies to retain customers.

Organizations that focus on their competitors are less likely to come up with radical innovations. A strong competitor orientation causes *"me-too"* products and incremental innovations (Lukas and Ferrell 2010). According to Narver and Slater (1990) competitor orientation, is an element of market orientation which means that "a seller should understand the short-term strengths and weaknesses, long-term capabilities, strategies of both current and potential competitors". Previous studies highlight the short term thinking of new ventures and argued the need for more long-term strategic competitive positioning (Robinson & Pearce 2012).

Competition is seen as a key influencing factor for innovativeness (Radas & Bozic, 2009). Start-up and mature companies operating in environments characterized by dynamic competition are forced to create innovative products/ services and innovations are correlated to risky actions (Barney, 2012). More recent research explored a positive relationship between market orientation and integrated innovations (Grinstein, 2008). Entrepreneurs and managers must scan the market more carefully in a highly competitive environment. However, market orientation by itself does not help to create value from market dynamism: it needs both management and knowledge creation capabilities (Dogan, 2017).Essential drivers are; management experience, management tenure, inter-organizational networks as well as the ability of organizational learning. Within this study market dynamism is defined as the change of technology, customer needs, and the actions of competitors. It is assumed that dynamic markets are unpredictable with regard to the competitive conditions.

The connection between marketing processes and consumer need fulfillment is a critical issue for both scholars and practitioners. However, the strength of that relationship is somewhat in question. As marketers assess the link between marketing philosophy and practice, attention is focused on the nature and dimensions of the relationship and actions needed to narrow the gap.

**2.0 Problem statement**

The concept of competitor focus is an approach of dealing with organizations providing the same services to the customers. It focuses on understanding business reactions to what customers want. The implementation of competitor focus needs the full support of all players. This may require a complete change in organization culture. Implementation decisions are based on information about customers' needs and wants, rather than what the business thinks is right for the customers (Kohli & Jawarorski, 1990; Fader, (2012).

According to Agarwal (2003) the competitor focus concept holds that the key to achieving organizational goals such as market share and profitability rests on the effective identification of customers' needs and wants and developing services that are superior to those of the competitors. Narver and Slater (1990); Kazakov, (2012) argued that competitor promotional and pricing strategies should be part of organizational culture that would influence the competitive advantage of an organization..

This paper sought to analyze the effect of Competitor focus on success of marketing strategies of Microfinance Institutions in Kenya. The effect Competitor services strategies,
Competitor pricing strategies, Competitor promotion strategies and Competitor physical evidence strategies were analyzed to establish the success of marketing strategies of Microfinance Institutions in Kenya.

The hypothesis tested were:**Ho$_1$** There is no significant relationship between competitor services strategies and the success of marketing strategies of microfinance Institutions in Kenya,**Ho$_2$**:There is no significant relationship between competitor pricing strategies and success of marketing strategies of Microfinance Institutions in Kenya,**Ho$_3$**:There is no significant relationship between competitor promotional strategies and success of marketing strategies of

Microfinance Institutions in Kenya,**Ho**$_4$**:**There is no significant relationship between Competitor Physical Evidence strategies and success of marketing strategies of Microfinance Institutions in Kenya.

**3.0 Materials and Methods**

Descriptive research design was used in studying the effects of competitor focus on the success of marketing strategies of MFIs in Kenya. Descriptive research design helps in uncovering new facts and meaning. It helps in Observing, describing and documenting aspects of a situation as it naturally occurs (Polit & Hungler, 2008). This involves the collection of data that provides an account of description of individuals, groups or situations. It is used to collect the information concerning the current status of a phenomenon, to describe what exists with respect to variables or conditions in a situation. The methods involved range from, survey which describes the status quo to the correlation which investigates the relationship between variables (Hair *et al.*, 2006, Cooper &Schindler, 2012). According to Cooper and Schindler (2012), descriptive studies are appropriate where there are clearly stated hypothesis and the problem is clearly stated. Descriptive research design therefore was found to be appropriate in studying competitor focus because the problem is clearly stated, and the hypotheses are also clearly stated.

The target population that was used in studying effects of competitor focus comprised of; Banks that offer microfinance services, Deposit taking MFIs, and Credit Only MFIs. The Chief Executive officers (CEOs) and the marketing managers /Marketing in charge of the MFIs comprised the study units. The total population in this study was 134 respondents, comprising of 14 CEOs and marketing managers of Banks, 22 CEOs and marketing managers of Deposit taking MFIs and 98 CEOs and marketing managers of credit only MFIs.

The sampling frame was all MFIs that were members of the Association of Microfinance Institutions of Kenya (AMFI-K) as at 2018.The list of the members was provided by the Association. The use of the census approach was found to be appropriate because the MFIs under investigation were not significantly large in number and application of other sampling techniques would not have yielded reliable data.

Primary Data were collected from CEOs, marketing managers and officers in charge of marketing function of MFIs which were members of AMFI-K. A semi-structured questionnaire was used to collect data. The questionnaire was administered on the CEOs and marketing managers of the seven banks and sixty-seven microfinance institutions. The field data collection was carried out by research assistants who were trained to ensure that they were familiar with the questionnaires and to create consistency in the way the questionnaires were administered. After the data collection, the questionnaires were checked for completeness and accuracy, after which it was coded in preparation for data analysis. Data were analyzed using a multiple linear regression stated as follows:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X4 + \varepsilon}$$

Where,

$Y =$ Competitor Focus

$\beta_0 =$ Constant of independent variables

$X_1$ = Competitor services

$X_2$= Competitor Pricing Strategies

$X_3$ = Competitor Promotional Strategies

$X_4$= Competitor Physical

$\varepsilon$ = Error term

.

## 4.0 FINDINGS

The findings presented in this paper are of great importance to MFIs in Kenya, microfinance institution customers, policy makers, commercial banks, and scholars

### 4.1 Effect of Competitor Focus on the Success of Marketing Strategies of MFIs

This section presents data on the findings of the extent to which competitor focus influenced the success of MFI marketing strategies. Competitor focus was measured by competitor services strategies, pricing strategies, promotion strategies and physical evidence strategies. The findings are presented according to; description of competitor focus for MFIs, descriptive statistics of centered competitor focus level scores and frequency distribution for Competitor Focus Scores.

### 4.2 Description of Competitor focus for MFI

The Respondents were asked to rate the extent to which Competitor focus affected the success of marketing strategies of MFIs on a scale of 1-5 where; 1- Strongly Disagree,2-Disagree, 3-Neither Disagree nor Agree, 4-Agree and 5- Strongly Agree. The findings are presented in Table 1

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**Table 1: Effect of Competitor Focus on the Success of Marketing Strategies**

| Competitor focus N=130 | 1 –SD | | 2-D | | 3-ND | | 4-A | | 5-SA | | Mean | SD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | |
| Quality of services | 56 | 43.1 | 49 | 37.7 | 25 | 19.2 | 0 | 0 | 0 | 0 | 2.02 | 1.1 |
| Variety of services | 40 | 30.8 | 21 | 16.2 | 27 | 20.8 | 11 | 8.5 | 31 | 23.8 | 2.28 | 1.9 |
| Accessibility of services | 68 | 52.3 | 21 | 16.2 | 1 | 8.0 | 2 | 1.5 | 38 | 29.2 | 1.02 | 0.9 |
| Competitor pricing | 51 | 39.2 | 19 | 14.6 | 7 | 5.4 | 24 | 18.5 | 29 | 22.3 | 2.10 | 1.2 |
| Affordability | 64 | 49.2 | 28 | 21.5 | 12 | 9.2 | 21 | 16.2 | 5 | 3.8 | 3.10 | 1.4 |
| MFI benchmarks prices | 50 | 38.4 | 40 | 30.7 | 30 | 23.0 | 5 | 3.8 | 5 | 3.8 | 3.20 | 1.9 |
| MFI Compares its promotion | 36 | 27.7 | 47 | 36.2 | 0 | 0 | 20 | 15.4 | 27 | 20.8 | 2.30 | 1.9 |
| MFI collects data on the effectiveness of promotion | 66 | 50.8 | 36 | 27.7 | 1 | 8.0 | 19 | 14.6 | 8 | 6.2 | 1.11 | 1.9 |
| MFI marketing officers are in regular contact with competitors | 9 | 6.9 | 6 | 4.6 | 103 | 79.2 | 9 | 6.9 | 3 | 2.3 | 1.08 | 0.9 |
| Designs of competitor | 21 | 16.2 | 47 | 36.2 | 59 | 45.4 | 3 | 2.3 | 0 | 0 | 1.17 | 1.2 |
| MFI benchmarks the front office | 21 | 16.2 | 47 | 36.2 | 59 | 45.4 | 3 | 2.3 | 0 | 0 | 1.19 | 1.2 |
| MFI creates an image | 9 | 6.9 | 59 | 45.4 | 59 | 45.4 | 3 | 2.3 | 0 | 0 | 3.15 | 1.9 |

The study sought to establish whether MFIs in Kenya monitor the quality of competitors' services with the aim of gaining information that would help in improving their services to enhance customer retention. The findings showed that80.8% of the respondents disagreed, 19.2% were undecided and non-agreed. The Mean (SD) =2.02(1.1) also supports the findings that MFIs do not constantly monitor competitors' services to enhance customer retention. The scores are not close to the mean indicating that the respondents rating of disagree was supported by a significant number of the respondents. According to Zhou *et al.* (2005), Competitor focus provides information on competitors which helps in making sound management decisions.

In regard to monitoring the variety of services provided by MFIs the findings showed that 47.0% disagreed 32.3 agreed and 20.8% were undecided. The mean (SD) =2.8(1.9) was close to the mean suggesting that the rating was supported by a significant number of the respondents. The Respondents were also asked to indicate their level of agreement or disagreement on whether MFIs monitor the accessibility of competitor's services by customers to enhance customer loyalty. The findings showed that 68.5% of the respondents disagreed, 8% neither agreed nor disagreed, while 30.7% agreed. The findings are supported by the Mean (SD) =1.02(0.9) inferring that MFIs do not constantly monitor customer accessibility to services. Accessibility of services is indicative of the effectiveness competitors in creating place utility. Provision of information to customers on how services can be accessed is necessary in enhancing customer loyalty (Kotler, 2012).

Effectiveness of competitors' pricing strategies was also evaluated, and the study found that 53.8% of the respondents disagreed that MFIs perform regular monitoring of competitor pricing strategies for customer retention, 40.8% of the respondents agreed while 5.4% were undecided. The Mean (SD)=2.10(1.2) support the findings by confirming that the respondents were close to the mean. The findings suggest that MFIs do not monitor competitors' pricing strategies which mean that MFIs may not be using pricing strategies for customer retention. According to David and Drake (2000) pricing strategies are important in gaining competitive advantage in financial services organizations. Competition based pricing strategies entails setting of prices on the basis of competitor prices and hence the need for monitoring competitor prices.

Respondents were also asked to indicate their level of agreement or disagreement on whether MFIs monitor affordability of services to enhance customer loyalty. The findings showed that 70.7% of the respondents disagreed, while 20% of the respondents agreed and 9.2% neither agreed nor disagreed. The Mean (SD) =3.10(1.4) supports the findings and infers that the respondents lay close to the mean and hence the rating that MFIs do not monitor customer affordability of services was supported by a significant number of the respondents. Affordability of a service is influenced by prices and hence the higher the prices the lower the affordability and vice versa. The study also sought to find out whether MFIs benchmark prices for customer satisfaction, 69.1% of the respondents disagreed, while 23.0% of the respondents were undecided and 7.6% agreed. The Mean (SD) =3.20(1.9) suggested that the respondents were close to the mean giving credence to the findings. The results therefore suggest that MFIs in Kenya do not bench mark prices with those of competitors. This might be because the cost regimes of MFIs differ greatly depending on the source of funds for on lending to the customers (Brown, Garguilo & Mehta, 2011).

The study sought to establish whether MFIs compare their promotion strategies and collect information on the effectiveness of their promotion strategies, to influence customer demand. The findings were that 63.9% of the respondents disagreed, while 36.2% of the respondents agreed that MFIs compare their promotion strategies to influence customer demand none of the respondents were undecided. The findings are supported by the Mean (SD) =2.30(1.9). In regard to the effectiveness of promotion the findings showed that 20.8%.Of the respondents agreed that MFIs regularly collect information on the effectiveness of promotion strategies, while 78.5% disagreed while 8.0% were undecided. The Mean (SD) =1.11(1.9) suggests that the respondents were close to the mean because the SD was almost equal to the mean. This suggests that although the respondents disagreed that MFIs do not collect data on the effectiveness of promotion the data points were not spread out over a wide range of values (Browne, 2001) and hence this finding was strongly supported.

In regard to MFIs marketing officers being in regular contact with the competitor advertising Agents to get measures on improving customer satisfaction. The findings showed that 11.5% of the respondents disagreed, 9.2% agreed and 79.2% were undecided. The Mean (SD) =1.08(0.9) supported the findings indicating that the respondents were close to the mean. The finding of indecisiveness can be attributed to lack of information on advertising monitoring in MFIs.

The front office of an organization is the first contact point of potential or existing customers with the firm. It is therefore essential for customer attraction and retention and is strongly associated with the organization's image. This study therefore sought to find out whether MFIs in Kenya ensure that standards are upheld in the front office, through benchmarking. The results presented in Table 4.6 indicate that MFIs do not benchmark the front office designs with those of competitors. The findings show that 52.4% disagreed with the preposition that MFIs benchmark office designs with those of competitors, 2.3% agreed while 45.4% were undecided. The Mean (SD) =1.19(1.2) suggests that the respondents were close to the mean suggesting that a great number of the respondents supported the rating.

In regard to monitoring of front offices designs of competitors for improvement to enhance customer retention, the findings showed that 52.2% disagreed, 45.4% were undecided and 2.3% agreed. The Mean (SD) =3.5(1.9) reveal that MFIs in Kenya do not engage in comparison of office designs. This could be attributed to the fact that MFIs might not be associating office designs with customer retention. On creation of a superior image the findings in Table 4.5 show that 52.3% disagreed that MFIs create an image of being superior to competitors in service provision to enhance customer satisfaction, 45.4% were undecided and 2.3% agreed. The Mean (SD) =3.15(1.9) suggests that the respondents were not close to the mean and therefore the findings were supported by a large number of the respondents. The findings nevertheless suggest that MFIs do not consider their image against that of the competitors to be of importance in gaining competitive advantage. According to Kotler (2012), competition experienced influences the operations and performance of a firm. It is therefore important for MFIs to evaluate the effect of Competitor focus to influence the success of marketing strategies.

Aggregate score of competitor focus level was arrived at by total score based on a scale of 1-5 where; 1- Strongly Disagree, 2-Disagree, 3-Neither Disagree nor Agree, 4-Agree and 5- Strongly Agree multiplied by 12 questions scale, therefore the highest or maximum possible score or level for competitor focus was 60 score (12 x 5) while the minimum score for MFI focus was 12

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points (1x12). Based on that the following section provides the summary analysis of MFI in Kenya.

### 4.3 Descriptive Statistics of Centered Competitor Focus Scores

Likert scores of competitor focus was established on a scale of 1-5 where; 1- Strongly Disagree, 2-Disagree, 3-Neither Disagree nor Agree, 4-Agree and 5- Strongly Agree multiplied by 12 parameters in the variable. Therefore total score ranged from 12- 60. Descriptive statistics were used to analyze the scores in terms of maximum, minimum, variance, median and mean as shown in Table 2

**Table 2: Descriptive Statistics for centred Competitor Focus Level Scores**

| Statistics | Mean | Median | Variance | Minimum | Maximum |
|---|---|---|---|---|---|
| Centered Score | 28.96 | 28.00 | 59.32 | 16 | 36 |

The study found that MFI mean score of Competitor focus was 28.96 with a median of 28.00. Maximum score was 36 against a possible score of 60 and minimum was 16 against a lowest score of 12 with a variance of 59 which are indicators that all MFI had low scores of effective competitor focus, at the same time box-plot presented in Fig 4.2 indicates specific characteristics of MFIs which were members of AMFI(K) as at 2016.

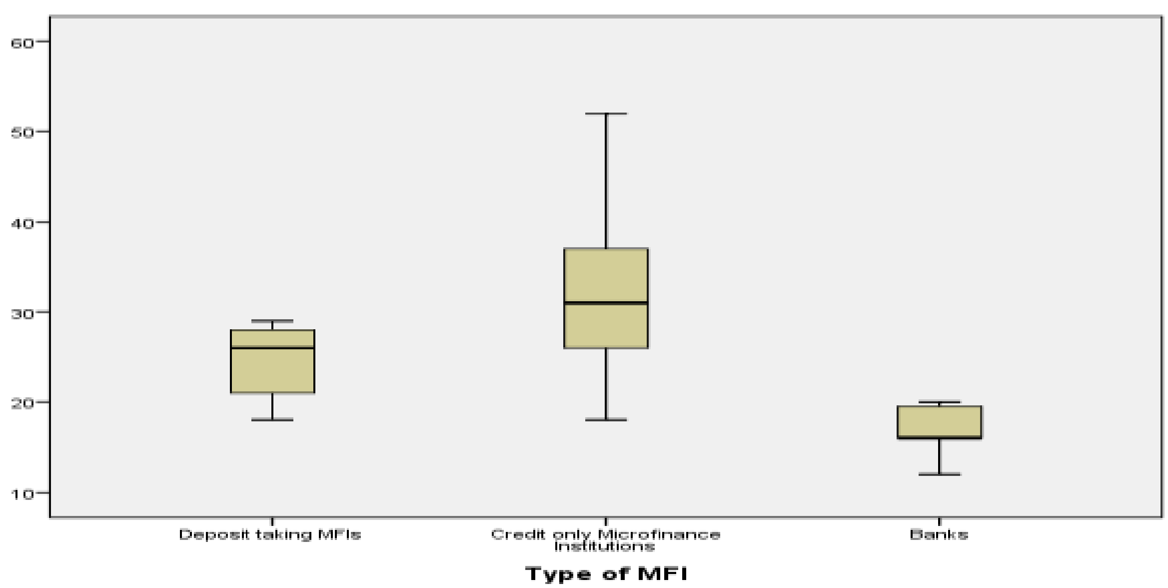

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**Figure 1: Box-plot for Competitor Orientation**

Banks and Deposit taking MFI is comparatively short; this suggests that almost all Deposit taking MFI as well as banks MFI have a similar pattern of low score for competitor focus. The box plot for credit taking MFI is comparatively tall suggesting that there is variation in the scores.

## 4.4 Frequency Distribution for Score of Competitor Focus

The purpose of frequency distribution was to categorize the MFIs into two groups based on mean score namely those above mean score (28.96) and those below the mean score. The one above the mean score were considered to have high competitor focus and those below had low competitor focus. The findings are presented in Figure 2

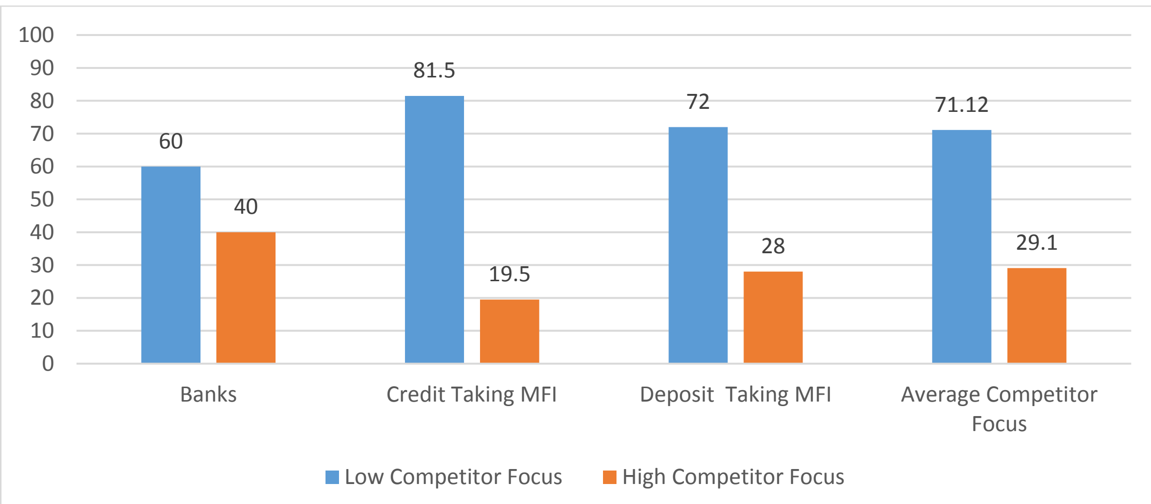


**Figure 2: Frequency for Scores of Competitor Focus**

Analyzed data show that, across MFIs 71.12 % had low competitor focus while 29.1% had high competitor focus. The findings also show that 81.5% of the Credit taking MFIs had significantly low competitor focus, followed by 72.0% of deposit taking MFIs and lastly banks offering MFIs services with 60.0% also had low competitor focus.

Table 2 shows the beta coefficient and t-test, which are the degree of change in the outcome variable for every 1-unit of change in the predictor variable were examined. If the beta coefficient is not statistically significant (or the t-value is not significant), the variable does not significantly predict the outcome. The findings are as shown in Table 2.

| | | | | | | |
|---|---|---|---|---|---|---|
| Monitor Competitor services | .025 | .119 | .066 | .144 | 0.051 | .288 |

| | | | | | |
|---|---|---|---|---|---|
| Competitor pricing strategies | .065 | .115 | .128 | 0.122 | .500 |
| Competitor promotion strategies | .092 | .21 | 149 | 0.216 | .362 |
| Competitor Physical evidence strategies | .071 | .18 | .231 | 0.210 | .456 |

**Table 2: Beta Coefficients for Competitor Focus**

The study established that none of the indicators of Competitor focus was significant. Holding all factors to constant zero, All other factors were found to be insignificant at P-value >0.05 and therefore they did not help Competitor focus in predicting the success of marketing strategies of MFI in Kenya. Competitor focus $R^2$ =.144 was measured with four observed variables denoted as CPO1 (Competitor services) =.066, Competitor pricing strategies (CP02) =.128, Competitor promotion strategies (CP03) =.149 and Physical Evidence Strategies = CP04=.23

**Table 3.: Hypothesis Results Table**

| Hypo thesis | Description | Hypothesis | βeta | P Value | t-value | Results |
|---|---|---|---|---|---|---|
| $H_{02}$ | $H_{0:}$ There is no significant relationship between Competitor focus and the success of marketing strategies in MFIs in Kenya | $H_0 : \beta_1 = 0$<br>$H_A : \beta_1 \neq 0$<br>Reject $H_0$ if P – value ≤ a<br>Fail to reject $H_0$ if P- value> a<br>Where a = 0.05 | .144 | .252 >.05 | 1.966 | Accept $H_0$ |

The effect of competitor focus with (Beta = 0.144 t =1.966, p >.05), which means only 14.4% variation in success of marketing strategies of MFI could be accounted for by competitor focus which was not statistically significant.

## 5.0 Discussion

### 5.1Description of Competitor focus orientation for MFI

The study sought to establish whether MFIs in Kenya monitor the quality of competitors' services with the aim of gaining information that would help in improving their services to enhance customer retention. The findings showed that 80.8% of the respondents disagreed, 19.2% were undecided and non-agreed. The mean (SD) =2.02(1.1) also supports the findings that MFIs do not constantly monitor competitors services to enhance customer retention. The scores are not close to the mean indicating that the respondents rating of disagree was supported by a significant number of the respondents. According to Zhou *et al.* (2005), competitor focus provides information on competitors which helps in making sound management decisions.

In regard to monitoring the variety of services provided by MFIs the findings showed that 47.0% disagreed 32.3% agreed and 20.8% were undecided. The mean (SD) =2.8(1.9) was close to the mean suggesting that the rating was supported by a significant number of the respondents. The respondents were also asked to indicate their level of agreement or disagreement on whether MFIs monitor the accessibility of competitor's services by customers to enhance customer loyalty. The findings showed that 68.5% of the respondents disagreed, 8% neither agreed nor disagreed, while 30.7% agreed. The findings are supported by the mean (SD) = 1.02(0.9) inferring that MFIs do not constantly monitor customer accessibility to services. Accessibility of services is indicative of the effectiveness competitors in creating place utility. Provision of information to customers on how services can be accessed is necessary in enhancing customer loyalty (Kotler, 2012).

Effectiveness of competitors' pricing strategies was also evaluated. The study found that 53.8% of the respondents disagreed that MFIs perform regular monitoring of competitor pricing strategies for customer retention, 40.8% of the respondents agreed while 5.4% were undecided. The mean (SD) = 2.10(1.2) support the findings by confirming that the respondents were close to the mean. The findings suggest that MFIs do not monitor competitors' pricing strategies which mean that MFIs may not be using pricing strategies for customer retention. According to Ayanda and Adefemi (2012) pricing strategies are important in gaining competitive advantage in financial services organizations. Competition based pricing strategies entails setting of prices on the basis of competitor prices and hence the need for monitoring competitor prices.

Respondents were also asked to indicate their level of agreement or disagreement on whether MFIs monitor affordability of services to enhance customer loyalty. The findings showed that 70.7% of the respondents disagreed, while 20% of the respondents agreed and 9.2% neither agreed nor disagreed. The mean (SD) =3.10(1.4) supports the findings and infers that the respondents lay close to the mean and hence the rating that MFIs do not monitor customer affordability of services was supported by a significant number of the respondents. Affordability

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of a service is influenced by prices and hence the higher the prices the lower the affordability and vice versa.

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In regard to MFIs marketing officers being in regular contact with the competitor advertising agents to get measures on improving customer satisfaction. The findings showed that 11.5% of the respondents disagreed, 9.2% agreed and 79.2% were undecided. The mean (SD) =1.08 (0.9) supported the findings indicating that the respondents were close to the mean. The findings of indecisiveness can be attributed to lack of information on advertising monitoring in MFIs.

The front office of an organization is the first contact point of potential or existing customers with the firm. It is therefore essential for customer attraction and retention and is strongly associated with the organization's image. This study therefore sought to find out whether MFIs in Kenya ensure that standards are upheld in the front office, through benchmarking. The results presented in Table 4.6 indicate that MFIs do not benchmark the front office designs with those of competitors. The findings show that 52.4% disagreed with the preposition that MFIs benchmark office designs with those of competitors, 2.3% agreed while 45.4% were undecided. The Mean (SD) =1.19 (1.2) suggests that the respondents were close to the mean suggesting that a great number of the respondents supported the rating.

In regard to monitoring of front offices designs of competitors for improvement to enhance customer retention, the findings showed that 52.2% disagreed, 45.4% were undecided and 2.3% agreed. The mean (SD) =3.5(1.9) reveal that MFIs in Kenya do not engage in comparison of office designs. This could be attributed to the fact that MFIs might not be associating office designs with customer retention. On creation of a superior image the findings in Table 4.5 show that 52.3% disagreed that MFIs create an image of being superior to competitors in service provision to enhance customer satisfaction, 45.4% were undecided and 2.3% agreed. The mean (SD) =3.15(1.9) suggests that the respondents were not close to the mean and therefore the findings were supported by a large number of the respondents. The findings nevertheless suggest that MFIs do not consider their image against that of the competitors to be of importance in gaining competitive advantage. According to Kotler (2012), competition experienced influences the operations and performance of a firm. It is therefore important for MFIs to evaluate the effect of competitor focus to influence the success of marketing strategies.

Aggregate score of competitor focus level was arrived at by total score based on a scale of 1-5 where; 1- Strongly Disagree, 2-Disagree, 3-Neither Disagree nor Agree, 4-Agree and 5- Strongly Agree multiplied by 12 questions scale, therefore the highest or maximum possible score or level for competitor focus was 60 score (12 x 5) while the minimum score for MFI focus was 12 points (1x12). The study found that MFI mean score of competitor focus was 28.96 with a median of 28.00. Maximum score was 36 against a possible score of 60 and minimum was 16 against a lowest score of 12 with a variance of 59 which are indicators that all MFI had low scores of effective competitor focus, at the same time box-plot presented in Figure 4 indicates specific characteristics of MFIs which are members of AMFI. Banks and deposit taking MFI had short box slots suggesting that both banks and deposit-taking MFIs had low scores for competitor focus. The box plot for credit taking MFIs tall suggesting that there is variation in the scores and hence slightly higher competitor focus.

## 5.2 Frequency Distribution for Score of Competitor Focus

Analyzed data in Figure 4 shows that, across MFIs 71.12 % had low competitor focus while 29.1% had high competitor focus. The findings also show that 81.5% of the Credit taking MFIs had significantly low competitor focus, followed by 72.0% of deposit taking MFIs and lastly banks offering MFIs services with 60.0% also had low competitor focus.

## 6.00 Conclusions

The findings showed MFIs in Kenya do not constantly monitor competitors' services to enhance customer retention. The respondents rating of disagree that MFIs do not monitor competitor services was supported by a significant number of the respondents. According to Zhou *et al.* (2005), competitor focus provides information on competitors which helps in making sound management decisions which does not happen in the MFIs surveyed in this study.

In regard to monitoring the variety of services provided by MFIs the findings showed that the mean (SD) =2.8(1.9) was close to the mean suggesting that MFIs do not monitor the variety of services provided by competitors. In regard to monitoring the accessibility of competitor's services by customers to enhance customer loyalty the findings showed that MFIs do not constantly monitor customer accessibility to services. Accessibility of services is a good measure of the effectiveness of competitors in creating place utility. Provision of information to customers on how services can be accessed is necessary in enhancing customer loyalty (Kotler, 2012).

Effectiveness of competitors' pricing strategies was also evaluated, and the study found that MFIs do not monitor competitors' pricing strategies which suggest that MFIs may not be using pricing strategies for customer retention. According to Ayanda and Adefemi (2012) , pricing strategies are important in gaining competitive advantage in financial services organizations. Competition based pricing strategies entails setting of prices on the basis of competitor prices and hence the need for monitoring competitor prices.

The monitoring of affordability of services to enhance customer loyalty was also investigated the findings showed that the MFIs do not monitor customer affordability of services. Affordability of a service is influenced by prices and hence the higher the prices the lower the affordability and vice versa Fifield (2012). The study also sought to find out whether MFIs benchmark prices for customer satisfaction. The results found that MFIs in Kenya do not bench mark prices with those of competitors. This might be because the cost regimes of MFIs differ greatly depending on the source of funds for on lending to the customers (Brown, Garguilo & Mehta, 2011).

The study sought to establish whether MFIs compare their promotion strategies and collect information on the effectiveness of their promotion strategies to influence customer demand. The findings were that the MFIs do not compare promotional strategies with those of competitors. The findings are supported by the Mean (SD) =2.30(1.9). In regard to the effectiveness of promotion the findings showed that the MFIs do not collect information on effectiveness of promotional strategies (Browne, 2001).

In regard to MFIs marketing officers being in regular contact with the competitor advertising agents to get measures on improving customer satisfaction. The findings showed that the respondents were undecided. The indecisiveness could be attributed to lack of information on advertising monitoring in MFIs. The front office of an organization is the first contact point of potential or existing customers with the firm. It is therefore essential for customer attraction and retention and is strongly associated with the organization's image. This study therefore sought to find out whether MFIs in Kenya ensure that standards are upheld in the front office, through benchmarking. The findings indicated that MFIs do not benchmark the front office designs with those of competitors.

In regard to monitoring of front offices designs of competitors for improvement to enhance customer retention, the findings showed that MFIs in Kenya do not engage in comparison of office designs. This could be attributed to the fact that MFIs might not be associating office designs with customer retention. On creation of a superior image, the findings showed that MFIs create an image of being superior to competitors in service provision to enhance customer satisfaction. The findings nevertheless suggest that MFIs do not consider their image against that of the competitors to be of importance in gaining competitive advantage. Kotler (2012) suggests that competition experienced influences the operations and performance of a firm. It is therefore important for MFIs to evaluate the effect of competitor focus to influence the success of marketing strategies. The findings on the level of competitor focus showed that, across MFIs 71.12 % had low competitor focus. Specifically, credit-taking MFIs had significantly low competitor focus, followed by deposit-taking MFIs and lastly banks offering MFIs services.

Inferential analysis on competitor focus showed that the total variance in success of marketing strategies in MFIs in Kenya was accounted for by Beta =.144(14.4%) change in competitor focus. ANOVA results showed that the effect of competitor focus on success of marketing strategies of MFIs in Kenya was not significant.251>.050) hence the null hypothesis that there was no significant relationship between the effect of competitor focus and the success of marketing strategies was accepted and the alternative hypothesis that, there was a significant relationship between competitor focus and success of marketing strategies of MFIs in Kenya was rejected.



**7.00 Recommendations**

The study recommends that MFIs need to give greater attention to competitor focus because the effect of competitor focus on success of marketing strategies of MFIs in Kenya was not found to be significant. Specifically the MFIs should monitor competitor services in respect to variety of services offered by competitors and accessibility of services to customers in order to enhance the level of service provision and thus influence the success of marketing Strategies of MFIs in Kenya.

The monitoring of Effectiveness of competitor pricing strategies was recommended because MFIs were found not to be using pricing strategies for customer retention. The study also recommended the monitoring of the effectiveness competitor promotional strategies in influencing customer demand because the study established that MFIs do not compare promotional strategies with those of competitors. Effective monitoring would make the MFIs to gain competitive advantage. The monitoring of distribution strategies was also recommended because it would give the MFIs competitive advantage within the service network. It is recommended that other variables such as industry competition and business environment be critically focused on, to improve success of marketing orientation. MFIs need to undertake efforts to improve on competitor focus to attain competitive advantages.

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