EFFECTS OF DIFFERENTIATION STRATEGIES ON THE GROWTH OF FASHION BUSINESSES IN KENYA

BY
KITONGA, B. FENSY

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA
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A Research Project Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Master of Business Administration (MBA).

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA
SPRING 2017
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the United States International University- Africa for academic credit.

Signed ___________________________  Date ___________________________

Kitonga, B. Fensy (ID 618025)

This project has been presented for examination with my approval as the appointed supervisor

Signed ___________________________  Date ___________________________

Prof. Paul Katuse

Signed ___________________________  Date ___________________________

Dean, Chandaria School of Business
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ABSTRACT
The purpose of this study was to determine the effects of differentiation strategies on the growth of fashion businesses in Kenya. The study sought to address the following research questions: What are the effects of product differentiation strategies on the growth of fashion businesses? What are the effects of service differentiation strategies on the growth of fashion businesses? What are the effects of channel differentiation strategies on the growth of fashion businesses?

A descriptive survey research design was applied to a population of 82 fashion design businesses located in Nairobi County in Kenya. The sample size was the entire population since the population was less than 100. Primary data was collected by the use of structured questionnaires following a five point likert scale through a drop and pick method. The close-ended questionnaires was developed in line with the research questions to the respondents who included employees in senior management levels and other staff involved in strategy formulation process. The questionnaires was dived into four sections and was made simple and easy for the respondents to answer. Trained research assistants assisted in the data collection process.

The research process began by development of the structured questionnaire, seeking permission to carry out the research, and then having a pilot test of 15 questionnaires. This was necessary to assess the validity and reliability of the questionnaire. The research assistants were trained to answer respondent’s questions, clarify, and translate questions that the respondents found difficult. The questionnaires were revised after the pilot test then the revised questionnaire were used during the actual data collection. Statistical Package for Social Sciences (SPSS) and Ms Excel were used to analyse the data. The data collected was cleaned, coded, and checked for any errors and omissions. The collected data was analysed by use of descriptive statistics to find the frequencies and percentage distribution. The findings were presented in tables, graphs, and pie charts.

The study found that there is a significant relationship between differentiation strategies and the growth of fashion businesses. Most of the fashion businesses under study were found to have product quality as their major product differentiation strategy. Service delivery and customer consulting were the most used service differentiation strategies while
product delivery and availability of product were the most common channel differentiation strategies.

The major conclusion of the study was that the biggest success of a fashion business arises mostly from having a successful product in the market. Service differentiation strategies have led to increase in profits and increase in customer satisfaction. The study also found that, fashion businesses that have channel differentiation strategies have had an increase in sales and customer loyalty.

The study recommends that fashion businesses carry out more research on more aspects that customers consider valuable or important in a product and incorporate them in their differentiation strategies. Fashion businesses should have good service delivery even as they engage in other differentiation strategies as well as constantly training their personnel. The study also recommends that fashion businesses should ensure they have well-functioning distribution channels that have good communication.
ACKNOWLEDGEMENT

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DEDICATION
This research project is dedicated to my dearest sisters who are also my best friends Aliceanne Kitonga and Grace Lucy Kitonga for the tender kindness, advice, and moral support that they offered during this study period.

To my mom and dad for their moral support and financial assistance.
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<table>
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<th>Abbreviation</th>
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<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<tr>
<td>EAC</td>
<td>East African Community</td>
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<tr>
<td>JEC</td>
<td>Joint Economic Committee</td>
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<tr>
<td>LVMH</td>
<td>Louise Vuitton Moët Hennessy</td>
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<td>OGC</td>
<td>Office of Government Commerce</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

A strategy is a framework that guides the choices that determine the direction and nature of an organization (Nickols, 2016). Differentiation strategy helps in distinguishing an organization’s products from its competitors. Differentiation strategy also enables an organization to determine what consumers need and factors that they look out for when buying new products in order to design products in ways that meet the consumer’s standards. According to a source, organizations that are able to successfully implement a differentiation strategy are able to charge a higher price on their products compared to their competitors because the higher price doesn’t affect a buyer’s buying behaviour. When a product is differentiated, customers are willing to pay more for the value that they perceive (Griffin, 2008).

In today’s business world, a business must identify an appropriate market niche for its products in order to achieve a sustainable competitive advantage. Grammenos (2013) notes, product features that give an organization sustainable competitive advantage shouldn’t be replicated, should deter new entrants in the market, and should be built on immobile distinctive competencies. An organization should ensure its product features are unique because this is what gives the product its unique identity compared to the competitors’ products. The business should also ensure customers can readily identify the product based on its unique features. With a successful differentiation strategy, customers will buy the product no matter the cost because they believe no other product can give them better value. A product that is properly differentiated is not prone to substitution and this greatly reduces the chances of competition (Magin, 2007).

According to Doub and Edgcomb (2005), business growth is an increase in business sales, revenue, and business survival. Growth in the fashion industry is huge and rapid. According to current projections, growth in the fashion industry will double in the next 10 years generating $5 trillion annually. This is interesting because no other industry can anticipate that level of growth. The growth is not only big in terms of revenue but also in employing people as many as 60 million all over the world. In the United States, above 4 million
people are employed in the fashion industry. This is a big number compared to people employed in other sectors such as the auto industry, fast food industry, and video game industry (Petruzzielo, 2015).

Tierney (2014) notes, at the beginning of the 20th Century Paris and London were the biggest fashion centres in the world while America was seen as a centre of mere ‘dressmakers’. Nowadays, The United States (U.S) hosts the most fashion events compared to any other country in the world. This is because fashion events in the U.S are supported by private financiers who also promote the work of young emerging fashion designers and host regional fashion events. As a source notes, British fashion designers started their work in art school and continued to improve their skills at their places of work. Today, the United Kingdom (U.K) is known for hosting the London Fashion Week and other big fashion events. As a result of promoting the work of their fashion graduate students, the fashion industry in the U.K has grown tremendously (McRobbie, 2013).

As a source notes, in Japan, the demand created by affluent population and the youth culture has led to the increased growth of the fashion industry. France has been traditionally seen as one of the largest and most important fashion centres in the world but unlike other fashion hubs which were established in the last two decades, fashion in France dates back to the 1970s. In Milan, fashion business growth has been largely attributed to the investment of the Italian government. In 2009, the Italian government announced its plan of offering financial aid to fashion businesses. This incorporated a tax credit on production of clothing materials and direct government funding for small and middle sized fashion businesses (Grail, 2009).

According to Shaw (2011), a few years ago, fashion and Africa were two concepts that seemed to exclude themselves. The only available African style avenues were Safari souvenirs or colonial interpretations à la ‘Out of Africa’. Today in Africa, growth of the fashion businesses is greatly attributed to the large youth population which has massive amounts of energy, talent, and creativity. The use of social platforms such as Instagram Facebook, and WhatsApp has enabled them to communicate and learn about the latest fashion trends in the world. African fashion designers are enjoying global appeal due to their creativity. Fashion in Kenya has grown from cultural functioning clothes of our ancestors to urban styles that incorporate different individual tastes and preferences
Growth of fashion businesses in Kenya has led to increase of employment opportunities, higher standards of living, reduction of social evil, and the improvement of the general Kenyan economy. In 2000, the world’s consumers spent around $1 trillion all over the world buying clothes. Around one third of sales were in Western Europe, one third in North America, and one quarter in Asia. It is evident that the fashion industry has a large growth potential. Around seven percent of the world’s export are clothing and textile. In Kenya, 30,000 people are employed in the apparel sector and each job creates five other jobs. Growth of fashion businesses in Africa has also increased due to promotion of African designs in magazines. For example, the African Woman Magazine in Kenya and Uganda showcases different African fashion designs. Each issue showcases a local fashion designer collection and this goes a long way in promoting the local design talent (Shaw, 2011).

Kaiser (2012) explains, Kenyan fashion industry is growing because nowadays, Kenyan fashion designers are creating clothing styles that merge Kenyan ethnic elements with global fashion. Kenya is one of Africa’s seven fastest growing economies and this shows that the fashion businesses in Kenya have potential for more growth. Today, middle income consumers who are fashion conscious prefer buying local brands than international brands. With more disposable income and the quest for high quality products, consumers are in constant demand for luxury products. This fact creates the need for fashion designers who have sustainable fashion businesses in order to meet this increasing demand. Rabine (2002) notes, African fashion designers endeavour to be unique in the fashion industry by adopting various strategies. For example, Margaret Gould positioned Kenyan African fashion outside of both local tribal and West African influences by using ‘Kikoi’ while Lucy Rao adopted a simple and elegant style for the same goal. Differentiation strategies enable fashion businesses to have sustainable competitive advantage. This in turn, promotes the growth of the fashion businesses. In order to make a differentiation strategy work, a business firm must select a product attribute that a big enough section of the market cares about enough in order to pay a premium price for the product (Brown, 2013).

According to Joint Economic Committee [JEC] (2005), fashion is a structurally diverse industry, ranging from major international retailers to wholesalers to large design houses to one person design shops. The fashion industry employs people in different occupations such as fashion designers, fashion models, accountants, public relation consultants, lawyers, project managers, computer programmers, etc. Fashion is a complex social
phenomenon which may involve conflicting issues such as building an individual identity and being part of a group, emulating fashion trend setters and rebelling against conformity. The fashion industry thrives by being diverse and flexible enough to satisfy any consumer’s needs (Steele & Major, 2015).

Bradshaw (2009) notes that the world of fashion is a vast arena and involves every sphere of an individual’s life and activities. Fashion today has become a very important aspect of people’s lives and it has become a topmost priority to people of different age groups. Everything in this world has its own fashion and some things have their own reputed international brands such as Louis Vuitton, Versace, Armani, Nike, etc. A source notes that fashion businesses operate in wholesale level, retail level, or both. Fashion businesses that do not sell directly to their customers place their merchandize at wholesale prices with retailers such as boutiques, department stores, and online sales companies. Fashion retailing businesses use fashion shows, catalogues, and a sales force armed with sample products to find a close fit between the manufacturer’s products and the retailer’s customers (Steele & Major, 2015).

Shaeffer (2011) notes, a couture collection is frequently developed around a theme such as a major art exhibit, an exotic vacation spot, or a period in fashion history. A source further explains, the haute couture fashion shows present outfits that might be ordered by potential clients but which often are intended more to showcase the designers’ ideas about fashion trends and brand image. The prêt-á-porter fashion shows are aimed primarily at fashion journalists and at buyers for department stores, wholesalers, and other major markets. Kenya has come of age when it comes to matters fashion and is keeping up with the fashion trends that emerge every now and then. Mostly, international celebrities are the trend setters but in Kenya, young creative designers emerging from different counties having fashion businesses are cutting a niche for themselves in the fashion industry. Differentiation strategies employed by these fashion designers have led to the growth of their fashion businesses (Steele & Major, 2015).
1.2 Statement of the Problem

According to Godart (2012), the fashion and luxury industries play an important role in the growth of a country’s economy. However, their value is always underestimated. Fashion is an important business since many people spend a large portion of their earnings on fashion items. In industrialized economies, fashion businesses require little capital, input, and infrastructure. This has led to poverty reduction, development of skills, and improved standards of living in many developing communities worldwide. Fashion businesses are highly labour intensive and provide the developing countries an opportunity to be competitive on a global scale. Nowadays, people live very complex lives that require different types of dressing. From their areas of work, gym and other sporting activities, and to the club, consumers want clothing that meet their daily needs while still expressing their individuality. Fashion designers that want to have a competitive advantage are combining creativity, technical expertise, and business know-how to get new styles to the consumer (Engle, 2008).

According to Habari Network (2015), the showcasing of African designers in various stores in New York, London, and Tokyo is a sign of a positive attitude towards a continent that is known for war and disease. Kenya has the potential of serving the global, regional, and domestic markets from its pool of fashion designers and tailors. There is a demand for African fashion and African fashion designers and Kenyan businesses should use this factor to market their fashion products globally. There would be an increase in sales and profitability and this would in turn improve the growth of fashion businesses in Kenya. Kenyan businesses differentiate their products on the fabric, textiles, and prints when selling their products to international markets. This has resulted to recognition of Kenyan fashion designers in the international markets. For example, John Kaveke has been invited to participate in many international fashion shows such as the London fashion week (Maina, 2014).

Fury (2016), notes that a designer called Kim Jones who is tasked with designing the menswear for Louis Vuitton (a fashion company), used African materials to create the 2017 Spring Collection. The designer used luxurious exotic skins of crocodile and ostrich, Maasai-inspired checks, and a savanna-bleached, sand-blind palette dominated by buff, taupe, and ecru (beige). Due to lack of international exposure, luxury fashion houses are
importing African fabrics such as the Maasai fabrics and creating new fashion lines hence making lots of profits at the expense of the Kenyan fashion businesses that want to venture into the international fashion market. Kenya fashion businesses have a potential to grow to an international level due to their unique differentiation strategies. John Kaveke one of internationally renowned Kenyan fashion designers is skilled in mixing different fabrics such as denim, suede, knitwear, tie and dye, cotton, linen, silk, and leather. He incorporates beadwork from the Maasai culture in his designs. His fashion collection is known to be contemporary, trendy, and edgy (Maina, 2014).

According to BBC (2016), imported clothes in the East African Community (EAC) are less expensive compared to the ones manufactured at the local textile factories. This thwarts the effort of the self-employed tailors and designers of competing even locally. This results to closure of businesses or generating revenue that is less than what would have been expected. The main objective of fashion businesses is to identify the consumer trends, gain brand recognition, and maintain profits. Studies have shown that fashion businesses experience slow growth due to illegal imports and competition posed by second hand clothing from other countries. Lack of recognition of Kenya’s design abilities, lack of formal retail platform, lack of market readiness, high costs, and difficulties of accessing credit and finance contribute to the slow growth of the fashion businesses in Kenya (Kimani, 2016). In order to improve the growth of the fashion businesses, the manufacturing sector must be improved to be able to compete with competitor countries such as China’s low cost manufacturing. Kenyan fashion businesses have to improve their skills or specialize in areas where they have a comparative advantage (Njoroge, 2016).

Business organizations all over the world have been trying to imitate products of the competitors or slightly modify the products when selling the product to a customer. According to Lieberman and Asaba (2004), firms imitate each other in the introduction of new products and processes, in the adoption of managerial methods and organizational forms, and in market entry and the timing of investment. Imitation may be fruitful in the short run but in the long run businesses may never meet their intended goals and objectives. Differentiation in business firms does not come by nature but the firm has to identify the areas it needs to differentiate itself from the competitors so that it can increase its overall business performance and profitability. Growth of most businesses is hampered by lack of effective differentiation strategies. In order to create a successful product, one has to be
accurately aware of how they will gain competitive advantage within the market (Brown, 2013).

Kenya is one of the fastest growing economies in Africa but the fashion businesses in Kenya have not been able to grow and expand to international markets. According to Mbugua et al. (2013), most tailoring and dressmaking enterprises experience minimal or no growth despite their potential of being a crucial tool with which to reduce poverty and create employment. A majority of the businesses are still at start-up stage. It is due to this, that the study aims to fill the knowledge gap by helping to determine the effects of differentiation strategies on the growth of fashion businesses in Kenya.

1.3 Purpose of the Study

The purpose of the study was to determine the effects of differentiation strategies on the growth of fashion businesses in Kenya.

1.4 Research Questions

The study was guided by the following research questions:

1. What are the effects of product differentiation strategies on the growth of fashion businesses?
2. What are the effects of service differentiation strategies on the growth of fashion businesses?
3. What are the effects of channel differentiation strategies on the growth of fashion businesses?

1.5 Hypothesis

The study tested the following hypothesis:

H_0: There is no significant relationship between differentiation strategies and the growth of fashion businesses.
1.6 Importance of the Study

1.6.1 Fashion Businesses

Fashion business in Kenya will benefit by knowing the effects of differentiation strategies on the growth of their fashion businesses and how they can differentiate their businesses to have a competitive advantage.

1.6.2 Investors

The study will help individuals and organizations wanting to invest in Kenya by providing insight on the variables that help them forecast the future profitability of fashion businesses in Kenya by looking at the trends.

1.6.3 Financial Institutions

Financial institutions will understand how fashion businesses operate and how external finances are used by the fashion businesses in implementing their differentiation strategies in order to promote their growth. The financial institutions will also know what measures to use when lending finances to fashion businesses.

1.6.4 Government

Through the study’s recommendation, the government of Kenya will be able to know how to support the fashion businesses because the growth of fashion businesses will improve the economy of Kenya.

1.6.5 Researchers and Academicians

The study will help researchers and academicians know the effects of differentiation strategies on fashion businesses in Kenya. The study will also guide researchers on areas that will require further research.

1.7 Scope of the Study

This study on the effects of differentiation strategies on the growth of fashion businesses in Kenya was done in Nairobi County in Kenya being the capital city of Kenya and having
a wide coverage in terms of the population of people who own fashion businesses. The study was conducted over a duration of ten months and the target population consisted of eighty two respondents in senior management level of fashion businesses and other staff involved in the strategy formulation process. The researcher chose Nairobi County because of its proximity to the researcher, time, and budgetary constraints.

1.8 Definition of Terms

1.8.1 Haute Couture
This is a French word meaning ‘high fashion’. Represents an archaic tradition of creating garments by hand with painstaking care and precision. The process involves numerous steps and people with specialized skills, from the designer who creates the design to the team of assistants, fitters, and needle-workers who bring it to life. Couture garments are custom-cut, fitted, and even frequently re-designed for a particular individual (Shaeffer, 2011).

1.8.2 Prêt-á-Porter
Prêt-á-porter is a fashion type between ‘haute couture’ and ‘fast fashion’ (Zhao, 2013). It is a French word meaning ‘ready to wear’ and it represents clothes that are sold ready to wear rather than made to measure. The clothes are made in standard sizes and are traditionally made for ordinary people. Prêt-á-porter collections are aimed to satisfy the demands of masses. The material used and the intensity of labour of the ready to wear collections are much more moderate than the haute couture collections. The ready to wear clothing is casual, informal, and practical that it can be worn daily (Hidi, 2010).

1.8.3 Fast Fashion
This refers to trying to get the latest runway or other look out onto the shop floor at an affordable price and as fast as possible. Fast fashion is a term used particularly when runway (especially couture) designs are reinterpreted by high-street or main stream fashion businesses- usually at a fraction of the cost and in matter of weeks. The idea behind this is that the shorter the lead time it takes to get a garment to the consumer, the less likely it is that competitors will already have a version of the same garment on sale (Shaw & Koumbis, 2013).
1.8.4 Trend setter

These are early adopters. They set themselves as reference points and create the direction for the rest of the market. They are important because they not only validate the market but also communicate success to the market. They are influential due to their early adoption, and the fact that they spread the news of their success (Brown & Hayes, 2008).

1.8.5 Luxury Fashion

Represents items that are considered as status symbols due to their brand appeal and intrinsic quality, price, rarity, and creative content. A luxury item is a symbol of sophistication and elegance (Giacosa, 2014).

1.9 Chapter Summary

This chapter gave a general overview of the introduction of differentiation strategies and growth of fashion businesses in the major fashion hubs of the world, growth of fashion businesses in Africa, and in Kenya. The purpose of the study was well defined and the research questions were clearly stated. The scope of the study was limited to 82 respondents within Nairobi County. The significance of the study was justified and the study will be useful to the fashion business owners, investors, financial institutions, government, and academicians and researchers. The next chapter which is chapter two, will focus on literature review and will entail an in depth analysis of the research questions. Chapter three will focus on the research methodology that was used in the study explaining the research design, population and sampling design, data collection methods, and the research procedures. Chapter four will present the findings of the study. Chapter five will be the last chapter and it will present the discussions, conclusions, and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
In this chapter, literature related to this study on the effects of differentiation strategies on growth of fashion businesses is going to be critically reviewed. It is divided in three parts in line with the research questions; first, the effects of product differentiation strategies on the growth of fashion businesses, Second, the effects of service differentiation strategies on the growth of fashion businesses, and third, the effects of channel differentiation strategies on the growth of fashion businesses. Under each, there will be sub headings that will help in analysing the literature relation, then the conclusion will be the chapter summary.

2.2 Effects of Product Differentiation Strategies on the Growth of Fashion Businesses

According to Panda (2006), product differentiation comes from the concept of improving the basic product’s features. Product differentiation is necessary in a market where there are many similar products. Product differentiation helps in ensuring products are not seen as identical due to the different characteristics (Magin, 2007).

2.2.1 Quality

Cole (2003) argues that, manufacturing products that are superior than a competitor is a good way of achieving differentiation. The product can be superior in terms of performance or reliability. Fashion businesses can differentiate their products by producing high quality products. High quality can be achieved by using new technology, high quality materials, and human labour to create products that need very detailed customization. According to Street (2014), in order to achieve high quality as a differentiation strategy, fashion designers must have a very good relationship with their factories and manufacturers. High quality clothing would entail checking the finishing and the smoothness of the product to ensure it is impeccable so that the quality isn’t compromised. Designers such Louis Vuitton ensure their products are of high quality and each product has a story behind it hence customers insist on that given brand or nothing at all. For example, a customer who is satisfied with a Louis Vuitton wallet that was probably bought 10 years ago would replace it with another
one made by the same fashion house even if the price has increased (Hitt, Ireland, & Hoskisson, 2006).

2.2.2 Design

According to Kotler and Keller (2011), organizations can differentiate their products by having well-designed products that have both aesthetic and functional benefits. A product’s design determines whether consumers will buy a product or not. It is therefore, the core responsibility of a fashion designer to create designs that will attract a given market. Fashion businesses can identify a design that’s unique and use it as a differentiation strategy. Customers use product design as a guide in determining what to purchase. High end fashion businesses that create haute couture use design as their source of differentiation. When using design as a differentiation strategy, it’s important for fashion businesses to be creative when creating new designs.

2.2.3 Features

According to Ferrell and Hartline (2013), product features tell consumers what value a product provides. Product features can be converted into performance characteristics that tell the buyer what the product does. Product features can be a source of differentiation in fashion businesses. Fashion businesses can have specific features that can act as their unique characteristic. For example, a fashion business can specialize in unique accessories that could be present in all their products. For example, a fashion business can use silver or gold in all their products. A fashion business can also have similar feature in all their products so that consumers can associate those features with the specific business.

Specializing in a particular material would be another differentiating strategy. For example, a designer may decide to specialize in fur. Every product from a designer’s fashion line may have fur as their main component in fashion making. A fashion business firm may use leather in all its products and will therefore be associated with leather products. Most consumers will think of that organization when they are required to buy leather products such as shoes, bags, belts, or hats. Product features also can be used to enhance customer satisfaction in intangible ways. For example Rolex and Gucci satisfy customer desires for status, image, and prestige (Miltenburg, 2005).
2.2.4 Style

Style describes how well a product looks and feels to a consumer and this can be an effective differentiation strategy (Majumdar, 2004). Designers such as Louise Vuitton are known to adopt the latest fashion trends in all of their products in order to get a competitive advantage. African designers are known for incorporating some of their cultural elements in their fashion collections to differentiate their fashion style from designers from the western countries. Designers who borrow elements from their cultures to create new and exciting looks intend to differentiate their products from competitors in other areas. If a certain culture is the fashion designer’s target market, there will be guaranteed growth of the business since the style is appreciated by indigenous members of that target community. According to a source, product styling can be developed as an added dimension to other differentiation strategies. This means that the entire strategy will revolve around it (Franzen & Moriarty, 2015).

People who are from different cultures may also like the new style and will always be looking forward to a new, different, and exciting look from that culture. Majumdar (2004) notes, Titan industries uses style and exclusivity as the instruments of differentiation to justify their high pricing for their exotic, gold plated jewellery watches. Marketers of designer shirts and ties have used style to transform this otherwise unexciting, high use items of daily wear in corporate circles, into instruments of making personality statements.

2.2.5 Environment

Manufacturing products from materials that are environmental friendly (green) can be used as a differentiating strategy by fashion businesses. A green product is a product designed to minimize its environmental effects during its whole life-cycle. In particular, non-renewable resource use is minimized, toxic materials are avoided and renewable resource use takes place in accordance with the rate of replenishment. Some customers are conscious about materials that are used in the manufacturing of their products. Customers may have religion beliefs that prevent them from buying products made from material such as fur, leather, ivory, etc. because this causes injury to animals. Some countries do not permit sale of products derived from poaching escapades. A fashion business may differentiate its products by using materials that are environmental friendly. A fashion business may use
natural materials to manufacture their products and use this as a strategy to market their products to consumers who are environmental conscious. Environmental cost leadership strategies can be leveraged through redesigning business and manufacturing processes (Loser, 2015).

According to Kaye and Cousteau (2010), celebrities often wear ribbons, pins, or bracelets to promote causes they care about. To promote environmental conservation, consumers may want products made from recycled materials. Environmental conscious consumers would want to buy and use products that would be biodegradable and wouldn’t deplete the natural resources or put more plastic or oil-based products in their landfills. In environmental differentiation strategy, businesses can substitute input materials and recycle the by-products. This increases the product efficiency and decreases resource consumption and waste disposal costs. The environmental differentiation strategy aims at reducing the product’s environmental impact, which can show a unique buyer value for both ethical and economic factors (Loser, 2015). According to a source, one key to successful ecological differentiation is astute market timing. Eco-efficient strategies are often the pre-emptive entry point, the first move businesses make into sustainability. Nowadays, people have become so environmental conscious and businesses are trying to reduce waste and usage of natural resources. It would be an effective strategy to use environment as a differentiation strategy since ‘going green’ has become more important (Stead, J. & Stead, W., 2014).

2.2.6 Durability

Fashion businesses can differentiate themselves on the durability of the product. A business that is known to produce products that last long and are not prone to wear and tear can have a competitive advantage over the competitors. According to Hitt, Ireland, and Hoskisson (2006), business firms can produce non-standardized products for customers who value differentiated products. For example, some customers might want products that are low priced regardless of the quality. Others customers might want products that are durable regardless of the price. Such customers would prefer products that they won’t be replacing frequently due to wear and tear. These are the customers who go by the mantra, “cheap is expensive in the long run”. A customer who buys a product at a low price then keeps replacing the product more times than another customer who bought a durable product at a higher price ends up spending more in the long run. According to a source, a business might
use durable products to create products such as fashion jewellery. For example, titanium can be used in the manufacture of jewellery. This jewellery products have a high specific strength, are corrosion resistant, give a warm feeling to the human touch and are easily surface modified by temperature or anodization to obtain a sophisticated aesthetic colour. Titanium (Ti), is more durable than gold or platinum, has a lower price and is fashion material due to the successful use in challengeable applications (Bartolo, 2011).

2.2.7 Price

A business may use price as the differentiation strategy by either selling products that are highly priced compared to the competitors or selling products that have low price compared to the competitors (Miltenburg, 2005). Most fashion business in the developed countries use luxury pricing strategy to differentiate themselves from their competitors. This means high mark-ups and limited availability of their products. Consumers associate such products as products for the high income earners and products of high quality. Businesses that use luxury pricing strategy on their products never put such products for sale when their season is over. This is because anybody could afford to buy products put up for sale and this will cheapen the product. Economic logics are not identical for true luxury brands (Chevalier & Mazzalovo, 2012).

As a source notes, Giorgio Armani is a high fashion and luxury business. One of its price differentiation strategy entails venturing into a slightly lower market segment and selling products through the Armani Collezioni brand which has a price point of almost 20% lower than the main line. This ensures customers enjoy an excellent line of affordable fashion. As a source explains, the biggest problem of reducing prices is getting lower profits compared to the competitors. A firm may have a strategy of under-pricing competitors and attracting price-sensitive buyers in great numbers. This leads to increase in sales and profits of the business (Miltenburg, 2005).

According to a source, rather than competing with large organizations, small business firms can target a niche group of customers who are looking for specific benefits and are willing to pay a higher amount for that product. This strategy ensures business firms of high growth in sales volumes and profitability. This is because a business firm that has successfully differentiated itself from the competitors and has built demand elasticity can charge higher
prices and earn higher margins (Kokemuller, 2016). Organizations can also decide to be intermediate luxury brands. As the name indicates, intermediate or accessible luxury exists precisely for its affordable price (Chevalier & Mazzalovo, 2012).

2.2.8 Form

According to Kumar (2012), a business firm can change the form of a product depending on the development of new technologies and the changing taste of the people. Fashion businesses can use different fabrics to create different types of fashion items. For example, consumers may not want to buy clothes made from the Kenyan Maasai fabric but when the same fabric is used to make shoes, bags, and jewellery the customers will now find those products very fashionable. Even in other businesses, changing the form of a product may attract more customers. According to a source, any businesses can differentiate its products by changing the form of a common product. For example, a company called Ujala entered a market where ‘blue’ a whitening washing powder was used so much by consumers. Ujala decided to be a game changer in that it started manufacturing ‘Blue’ in liquid form. Consumers found this new product to be more convenient than the original ‘Blue’ powder. Ujala’s differentiation strategy resulted in high profits and sales growth (Ramaswamy & Namakumari, 2013).

2.3. Effects of Service Differentiation Strategies on the Growth of Fashion Businesses

Organizations pursuing differentiation strategies may want to gain a competitive advantage by presenting an image of their service as unique. When a product is seen as unique, business firms can charge a premium price (Slack & Parent, 2006).

2.3.1 Ordering Ease

Ordering ease refers to how easy it is for the customers to place an order with the business firm. To facilitate ordering ease, businesses hire well trained people to work in various departments. This gives the business firm a strong differentiation advantage and this in turn attracts new customers as well as retaining the old ones (Kaufmann & Panni, 2013).
According to Hill and Jones (2012), businesses can differentiate themselves from competitors by emphasizing on attributes of the service, such as ease of ordering. For example, a fashion business may differentiate itself on ease of ordering (through the web). Similarly, ease of ordering may be a very important attribute for customers of online booksellers. Some high fashion businesses limit the number of customers in their store to avoid crowding. This ensures once customers start placing their orders, they are given the best service possible and no customer will walk out of the fashion store feeling ignored because they were not able to place their orders. Some fashion businesses prefer customers visiting their outlet when they want to place special orders instead of ordering via websites as it is more suitable. Ordering ease differentiation strategy contributes to total customer satisfaction and this promotes customer loyalty. Organizations should ensure they have the capacity to cater to all their customers even during periods of high product demand. When customers are placing their orders, the competence, courtesy, credibility, reliability, responsiveness, and effective communication of the employees ensures there is ease of ordering (Kaufmann & Panni, 2013).

2.3.2. Delivery

Fashion businesses may differentiate their products depending on the delivery of their services. The service delivery improvement refers to how efficient and effective employees of an organization are in handling the different needs of customers (Panda, 2006). Technology development plays a major role in effective delivery of services. Businesses are able to differentiate on different aspects of their service delivery and this gives them a competitive edge. This in turn increases growth of the business in terms of market share. As a source notes, with the internet came the capabilities to make service delivery more customized. With additional technologies, such as massive terabyte database coupled with data mining for pinpoint accuracy, concepts such as micro marketing and mass customization of products and services has become increasingly practical (Thompson, 2015).

Business firms that have impeccable service delivery are able to gain a competitive advantage and this leads to more business growth. As a source notes, service delivery can become a means of adding value, attracting/retaining customers, and building market share.
Tailored, personalized, customized delivery of what the customer wants at touch-points has become a greater lever to promote customer loyalty (Thompson, 2015).

2.3.3 Guarantees

According to a source, a business offering any kind of service may differentiate themselves by purely adding value even while using a product. It is possible to understand the elements of value from a customer’s perspective, where value consists of utility (fitness for purpose) and guarantee (fitness for use). Fitness for purpose is derived from the characteristics of the service that have a positive result on the performance of activities, objects, and tasks associated with anticipated results. Guarantee comes from the positive action being offered when needed, in adequate capacity or extent, and dependably in terms of continuity and security. In order for businesses to design effective guarantee strategies, it is useful to separate the logic of warranty for the purpose of design, development, and improvement (Office of Government Commerce [OGC], 2007).

Product guarantee is a great way to create brand preference. Warranty coverage provides consumers with piece of mind and emphasizes the company assurance of offering high quality products. Fashion businesses dealing in high-end luxury products can differentiate themselves from competitors by providing product guarantee. This ensures that the customers will be at ease spending a lot when purchasing a product since they are assured of compensation in case of any damages especially during delivery. As a source notes, offering warranties has an increasing importance in the marketing of products in the context of both product assurance and product differentiation (Murthy & Blischke, 2006).

2.3.4. Financial Arrangement

Organizations strive to achieve business objectives using whatever assets they have at hand, subject to various constraints. Constraints include risks attributable to complexity, uncertainty, and conflicts in the business environment. The value generating ability of the organization depends on the capabilities of the available business assets. Assets must perform well at their full potential. The assets may be owned by the business or available for use from other organizations under various types of financial arrangements (OGC, 2007).
Neave (2002) suggests, business firms can advise their clients and renegotiate the terms of financial arrangements. Businesses that sell high end luxury fashion products can have an agreement with a bank or financial institution to give credit to their customers. In most cases, financial arrangements are agreements or contracts for services. Business managers may be given the responsibility, authority, and resources necessary to deliver outcomes such as high sales volumes and other outcomes using the best possible means. Businesses that are known to have financial arrangements with their customers have an advantage over their competitors and this leads to the improved growth of the business. According to a source, offering credit card payments is a convenient arrangement for most customers. If clients have difficulties paying the entire balance of a product, their credit card will generally allow them to pay it out over a period of time of their choosing and the business firm will not be left waiting months for payments (Roberts & Hurley, 2012).

2.3.5. Customer Consulting

According to Kamath (2016), businesses provide extra services such as customer consulting to their customers as part of their differentiation strategy. Businesses that offer customer consulting services get competitive advantage since most customers prefer consultations before they spend their money on a product. This increases the business firm’s growth in terms of market share and profitability. When shopping, consultation may involve advising customers on the colours to buy depending on their skin tone, giving advice on which jewellery works best for people of different body sizes, which fabric works best for different types of people etc. A customer will walk out of the fashion store feeling that they have bought a product that is best suited for them. According to a source, it has been found out that customers expect the sales people to assist them when they are buying products (Kamath, 2016).

Differentiation in customer consultation may arise depending on the means of communication a business firm uses when carrying out the consultations. As a source notes, further differentiation may be acquired from the provision of collaboration services instead of simply operating email and voice mail services. This is because the focus shifts from attributes to the fulfilment of outcomes (OGC, 2007).
2.3.6 Maintenance

According to Koutsoukis and Mitra (2012), a business firm can use product maintenance as part of their differentiation strategies by providing their customers with product maintenance that no competitor can match. Fashion businesses dealing with jewellery offer product maintenance that include shining and polishing of the jewellery and repairs. Fashion houses can also provide repair and maintenance services to products considered as ‘luxury’ items. As a source notes, it’s important for business firms to have a trustworthy relationship with their customers especially if they have invested so much in a product. A product that is considered of high quality should be easy to repair and maintained. Business firms can have a differentiation strategy of offering product maintenance and repair services for their customers (Fromberg, 2015).

2.4 Effects of Channel Differentiation Strategies on the Growth of Fashion Businesses

An organization can achieve competitive advantage and strong brand position through channel differentiation strategies. In these strategies, business firms seek to improve their channel image, expertise, location coverage among other things (Saxena, 2009).

2.4.1 Coverage and Control of Channel

Designers such as Louis Vuitton market and distribute their products through their own stores, that is, high end departmental stores throughout the world. This helps in ensuring counterfeit products do not enter their distribution channels through their own stores. In online retailing, products are distributed only through a single online retailer. Distribution of products through a fashion business own stores enables the business to control the quality and price of its products. With the total retail network of more than 450 retail stores located at prime venues in major cities by the end of the first quarter 2011, fashion houses like Louis Vuitton have the absolute control over their distribution channel, which guarantees customers of the perfect buying experience as well as preventing counterfeit products. As a source notes, by 2011, Louis Vuitton had opened its stores in more than 60 countries including USA, UK, Japan, Singapore, Kuwait, etc. (LVMH Report, 2011).

According to Zanuso (2011), Armani, an Italian Fashion company announced it was going to take direct control over its British distributive operations in 2012, across all its brands
except for Armani Exchange, which would continue to be under Club 21’s control as far as the US market. That choice was decided so as to improve all its operations as well as improve its productivity in the retail sector. Gucci is one of the leading fashion brand names and it uses coverage as one of its differentiating strategies. The Brand Gucci tends to cater to the high –end market and for this reason; they have outlets that offer a relaxing environment that create a responsive attachment between the customer and the brand.

According to a source, the services provided by Gucci employees are exceptional and their channel of distribution is very selective making the customers feel special. Their retail stores are located in expensive and high profile street locations that are exclusive and distinguished. These locations are necessary in attracting customers that belong to the elite group. The décor of every retail outlet is unique with classic tastes, the interiors are very attractive, and this helps in creating a comfortable environment. The displays on the windows are very attractive and the employees in sales are dressed elegantly in all black. The buyers are able to shop in these stores at their leisure in a comfortable and professional settings. In order to improve their image and retain control in their stores the company is involved in its daily activities (Bhasin, 2016).

**Availability of Product**

According to a source, no brand can be a success no matter how good their positioning and communication is if the product is not available when it’s needed. A brand whose product is available throughout unlike its competitors enjoys a competitive advantage. When distributing their products, fashion businesses try to maintain their market share through a well-established network of independent, specialized retailers that provide greater geographical coverage than competition - combined with superior service and support (Michael, 2011).

As a source notes, Gucci brand has started on a policy of active market penetration and with this strategy, many retail outlets at various strategic locations in the world market have been opened so as to reach many consumers. Some of its typical outlets are at London, Paris, New York, Rome and Tokyo. Although seventy percent of the sales are conducted in these outlets, the company also makes huge sales through its online marketing. Gucci has an official website that caters to all its internet sales through professionally trained
officials. The company also has different tie-ups for some of its branded products with high profile department stores in different high end locations throughout the world (Bhasin, 2016).

### 2.4.2 Delivery of Products

According to Gattorna (1998), the differentiating factor in delivery of products within a given channel, is how the delivery is carried out. For example, in supermarkets and restaurants, the supply channel ends at the retail outlet that consumers like to go to. High fashion businesses may use distribution channels as one of their differentiating strategies. Such designers offer their products through limited distribution and only use channels that they can control. Fashion businesses can differentiate themselves from their competitors by using a unique distribution channel to get the product to the customer. High fashion products that need proper handling may require door to door delivery or home delivery. This would ensure products are not damaged during transportation. This strategy may not be effective for businesses that deal with mass manufacturing and distribution of goods.

Zara, a Spanish fashion company has a competitive advantage due to their delivery strategy. Their fast production and distribution strategy allows them to offer the latest fashions in less than two weeks and that makes them a fashion business that offers ‘fresh’ designs. With them being able to produce and distribute new fashions in a short amount of time, it allows Zara to change over 75% of the merchandise on display every 3 or 4 weeks. This strategy increases the number of times customers frequent the stores (Isabelle, 2012).

For effective delivery of products, kiosk-based distribution is a primary differentiation strategy for several successful companies. The premise is to distribute goods through self-service kiosks that give customers a convenient, efficient experience. For example, Redbox became a dominant movie rental player with its pioneering approach to distributing movie rentals through kiosks. Apple has also used kiosks to distribute goods in airports and other locations. Coffee and snack providers have also routinely distributed through kiosk locations (Kokemuller, 2016). As a source notes, consumer direct channels in some fashion seek out the customer to extract their order with ultimate delivery a point of differentiation between consumer direct options (Gattorna, 1998). If a business organization wants to differentiate on the speed of the delivery channel, it must a have a sufficient network of
picking warehouses and close-to-demand store fulfilling assets and capabilities to cover a wide area (Kamath, 2016).

Speed of delivery or on time delivery is a benefit that most consumers value and are willing to pay extra for. If a business organization is able to deliver goods or services to the consumer faster than the competition, speed of delivery might be the competitive advantage that’s worth pursuing. This is a great differentiation strategy for organizations that market durable goods, where products take longer to manufacture or are made by order. For example, furniture, heavy-duty equipment, custom clothing and jewelry (Michael, 2011).

2.4.3 Expertise

Developing the expertise to manage a large distribution network efficiently can be used as a differentiating strategy. The expertise should be difficult to replicate in order for the strategy to be effective. Businesses that use their channels of distribution as a differentiation strategy translate into an expectation by the consumer that the organization can deliver the products no matter the location of the customers such as remote areas (Moore & Pareek, 2006). According to a source, expert power is due to the virtue of an expertise of the distribution channel members as perceived by other distribution channel members. This expertise may be used until the other channel members think that it’s unique to a given distribution channel member and there is still a difference between their skills and the skills of other distribution channel members who claim to have the expert power (Singh, 2016).

2.4.4 Performance

According to Ingene and Parry (2006), the components of channel performance are prices, quantities, consumers’ surplus, channel profit, and the distribution of channel profit. To improve a channel performance in order to have a competitive advantage, business firms make the distribution channel a priority. They devote resources to channel management – preferably at least one dedicated manager whose sole responsibility is to manage those relationships and build the marketing programs to drive revenue through the channel. The business firm develops measurements and track performance of the distribution channel to increase the distribution channel performance. The business firm knows who its best sales performers are at each point in the channel. By tracking orders, volume and total revenue
at each point, the business firm can identify and improve underperforming partners and keep its top performers happy. Business firms ensure there’s effective communication to increase their distribution channel’s performance. This entails building relationships at each step of the distribution channel. If an organization is not talking with its partners, it cannot be in a position to identify problems and solve them. The business firm will also not be in a position to know whether its programs are working and how to make them better (Moderandi, 2016).

To ensure there’s increased distribution channel performance, some business firms drive revenue through the distribution channel. Organizations should take ownership of the marketing campaigns that will drive revenue at all levels through the channel. The business firm’s partners have to focus on building their own customer base, not marketing just their product. To increase distribution channel performance, business firms should avoid pricing conflicts. Organizations should establish a pricing strategy and stick to it. If channel conflict arises because of price, a business firm should attempt to resolve it as soon as possible. Addressing conflicts swiftly increases an organization’s distribution channel performance. Since distrust and channel conflict is common, it’s important to address problems quickly to find a solution (Moderandi, 2016).

As a source notes, distribution efficiency is an important key to success for many organizations especially online retailers. Most organization’s success largely stems from their massive, efficient distribution system. For example, Amazon.com, an online retailer maintains its distribution centres spread strategically throughout the United States and the globe. The company also has an elaborate picking and shipping system that allows consumers to get their orders in a short period (Kokemuller, 2016).

2.5 Chapter Summary

The chapter reviewed literature by various writers based on the research questions. The chapter reviewed existing literature to determine the effects of differentiation strategies on the growth of fashion businesses. More specifically, the literature review covered the effects of product, service, and channel differentiation strategies on the growth of fashion businesses. The next chapter will discuss the research methodology which will focus on the
population, describe the data collection instruments and methods that were used in the study. It will give details of the research procedures and data presentation methods that were used.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the study will provide the research design and methodology that was used when carrying out the research. The chapter will present the design, the population of the study, sample and sampling techniques, data collection methods as well as data analysis and data presentation methods that were used in the study.

3.2 Research Design

This study adopted a descriptive survey research design which was designed to obtain data that describes the characteristics of the topic of interest in the research. Descriptive research is usually structured and precisely made to measure the characteristics described in the research questions. In descriptive studies, data collection usually involves some type of structured process, either observation of data or interviews with structured questions (Hair, 2015). Descriptive design was used in this study because it gave insight into the research problem by describing the variables which are differentiation strategies and growth. According to Cooper and Schindler (2014), if the research design is concerned with finding out who, what, where, when, or how much then the best research design to use would be descriptive.

3.3. Population and Sampling Design

3.3.1 Population

A target population is those people, events, or records that contain the desired information and can answer the measurement questions (Cooper & Schindler, 2014). The target population for this study consisted of respondents in senior management level of fashion businesses and other staff involved in the strategy formulation process of the fashion businesses in Nairobi County.
3.3.2. Sampling Design

3.3.2.1 Sampling Frame
According to Cooper and Schindler (2014), a sampling frame is the listing of all population elements from which the sample will be taken. In this study, the sampling frame was obtained from the registrar of companies in Nairobi County.

3.3.2.2. Sampling Technique
The sampling technique that was used in this study was probability sampling. Under probability sampling, stratified sampling was used so that identified subgroups in the target population could be represented in the same proportion that they exist in the population. Later, simple random sampling was used to select samples from each group. Under this technique, all elements in the sampling frame have an equal chance of being selected.

3.3.2.3 Sample Size
A sample examines a portion of the target population, and the portion must be carefully selected to represent that population. The larger the population, the smaller the sample size. However, the greater the desired precision of the estimate, the larger the sample size should be (Cooper & Schindler, 2014). The study had a target population of 82 respondents therefore the sample size consisted of the entire population since the population size was less than 100.

Table 3.1 Sample Size Distribution Table

<table>
<thead>
<tr>
<th>Population</th>
<th>Sample</th>
<th>% Sampled</th>
</tr>
</thead>
<tbody>
<tr>
<td>82 fashion businesses</td>
<td>82 fashion businesses</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods
Structured questionnaires was used to collect primary data in this study. The structured questionnaires following a five point likert scale was developed in line with the research questions to the respondents who included senior management levels and staff. The questionnaire was dived into four sections and was made simple and easy to understand for the respondents to be able to answer. This method was less costly and saved time. The method was also convenient for the respondents and the researcher since the questionnaires
were administered through a drop and pick method. The researcher also had trained research assistants to help in the questionnaire distribution process and a research permit that was obtained from the United States International University- Africa, Chandaria School of business.

3.5 Research Procedures
The research procedure began by developing the research instrument which was a structured questionnaire. The researcher then sought permission to carry out the study from the United States International University- Africa Chandaria School of Business. A pilot test of 15 questionnaires was carried out. This was important to evaluate the validity and reliability of the questionnaire. The research assistants were trained to answer respondent’s questions, clarify, and translate questions that the respondents found difficult. After the pilot test, questions that were difficult to answer were refined and the revised questionnaire was used during the actual data collection. After the questionnaires were filled, the research assistants collected them and the data was ready for analysis.

3.6 Data Analysis Methods
The data analysis in the study involved use of descriptive and inferential statistics in order to determine the relationship between the variables in the study. Statistical Package for Social Sciences (SPSS) and Excel were the analysis tools in the study.

3.6.1 Descriptive Statistics
Descriptive statistics was used where data was presented using tables and figures. Descriptive statistics is a branch of statistics that presents techniques for describing sets of measurements. That is, it consists of procedures used to summarize and describe the important characteristics of a set of measurements. Descriptive statistics can be seen in forms such as bar charts, pie charts, line charts, etc. (Mendenhall, Beaver, R., & Beaver, B., 2012).
3.6.2 Inferential Statistics
Inferential statistics refer to methods of drawing conclusions from the sample data about a population. In the study, regression and correlation analysis were used to determine both the nature and the strength of the relationship between the variables.

3.6.2.1 Pearson Correlation
Correlation is used to show the relationship between two quantitative variables. Pearson correlation was used to show the relationship between the differentiation strategies and the growth of fashion businesses. Pearson correlation was also used to show the strength and direction of the relationship between differentiation strategies and growth of fashion businesses.

3.6.2.2 Linear Regression and Testing Hypothesis
Linear Regression was used to investigate the relationship between the differentiation strategies (independent variable) and the growth of fashion businesses (dependent variable). This also helped in determining a relative standard that served as the basis for accepting or rejecting the hypothesis. The general form of the regression model that was used was as follows:

\[ Y = \beta_0 + \beta_1 x_1 + \varepsilon \]

Where,
- \( Y \) = Dependent Variable (Growth); \( \beta_0 \) = Constant; \( \beta_1 x_1 \) = Independent variable (Differentiation Strategy); and \( \varepsilon \) = Error term

3.7 Chapter Summary
This chapter has described the methodology used in the study of the effects of differentiation strategies on the growth of fashion designers in Kenya. It has also described the research design, population, and sampling design. The data collection method was specified, the research procedure followed, as well as the data analysis methods that were used. The next chapter will present the analysis of the findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter provides an analysis, interpretation, and discussion of the findings of the effects of differentiation strategies on the growth of fashion businesses in Kenya. The results and findings were analyzed and presented according to the research questions. Demographic findings are presented first followed by responses from the research questions namely; the effects of product differentiation strategies on the growth of fashion businesses, the effects of service differentiation strategies on the growth of fashion businesses, and the effects of channel differentiation strategies on the growth of fashion businesses. Descriptive statistics and inferential statistics have been used to analyze the data collected. This chapter closes with a summary of the chapter.

4.1.1 Response Rate

The questionnaires that were distributed to the respondents were 82 and all of them were filled and collected. The total response rate was 100%.

4.2 Demographic Information

In this section, demographic information of the respondents was analyzed and presented.

4.2.1 Classification of Respondents by Gender

The gender distribution of this study as shown in figure 4.1 below was; 30% male and 70% Female. This shows that the majority of respondents in this study were female.

![Gender Distribution](image)

Figure 4.1: Classification of Respondents by Gender
4.2.2 Classification of Respondents by Education
The results in figure 4.2 below shows the number of the respondents by levels of education. The majority of the respondents were diploma holders at 38%, followed by undergraduate degree holders at 21%. 18% of the respondents held high school certificates, 15% of the respondents held college certificates, 4% of the respondents held primary certificates, 3% of the respondents were master’s degree holders, and the least were doctorate degree holders at 1%.

![Education](image)

**Figure 4.2 Classification of Respondents by Education**

4.2.3 Classification of Respondents by Role in Fashion Business
The results in figure 4.3 show the number of the respondents by their role in the fashion business. The majority of the respondents were the business owners at 34%. This was very appropriate since most of the business strategies are formulated by the business owners. This was followed by sales representatives at 30%. According to the respondents, the sales representatives are the ones in direct contact with the customers and are therefore involved in strategy formulation since they know what the customer requires. 13% of the respondents were tailors, 13% of the respondents were business managers, and 10% of the respondents were fashion designers.
4.2.4 Classification of Respondents by Length of Time at Work Place

The results in figure 4.4 shows the number of the respondents by the length of time at their work place. The majority of the respondents were respondents who have been at their workplace from 1 to 5 years at 48%. This was appropriate since the respondents were able to formulate, implement, and evaluate their middle level strategic plans (over 1 year to 5 year plans). This was followed by respondents who have been at their work place for less than a year at 36%. This group of respondents have been able to formulate, implement, and evaluate short term plans (less than a year plans), 12% of the respondents have been at their work place from 6 to 10 years. This group of respondents have been able to formulate, implement, and evaluate their long term strategic plans (more than 5 year plans). 3% of the respondents have been at their work place from 11 to 15 years, and 1% of the respondents have been at their work place for more than 20 years.
4.2.5 Cross Tabulation between Respondent’s Age and Gender

The results in table 4.1 show that the majority of the respondents were female between the ages of 16 and 26 years, these were 36 of the 79 respondents that answered the question. This category of respondents was followed by 21 male respondents who were between the ages of 16 and 26 years. 18 female respondents between the ages of 27 and 37 followed. This shows that most of the fashion businesses are run by young females. This was followed by 2 male respondents between the ages of 27 to 37, 1 female respondent between the ages of 38 to 48, and 1 male between the ages of 49 to 59.

Table 4.1: Age and Gender Cross Tabulation

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-26</td>
<td>21</td>
<td>36</td>
<td>57</td>
</tr>
<tr>
<td>27-37</td>
<td>2</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>38-48</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>49-59</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total Response</td>
<td>24</td>
<td>55</td>
<td>79</td>
</tr>
</tbody>
</table>

No response: 3
Total: 82
4.2.6 Cross Tabulation between Respondent’s Role in Fashion Business and Gender
The results in table 4.2 show that the majority of the respondents were female business owners, who were 19 of the 79 respondents that answered the question and female sales representatives who were also 19 of the 79 respondents that answered the question. These categories were followed by 8 male owners and 8 female tailors. 5 female managers, 5 female fashion designers, and 5 male sales representatives came in next. The last categories were 4 male managers, 3 male fashion designers, and 3 male tailors. These findings show that most of the fashion businesses are run by female business owners and female sales representatives.

Table 4.2: Role in Fashion Business and Gender Cross Tabulation

<table>
<thead>
<tr>
<th>Role in fashion business</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Owner</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Manager</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Fashion Designer</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Tailor</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Sales Representative</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Total Responses</td>
<td>23</td>
<td>56</td>
</tr>
<tr>
<td>No Response</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2.7 Cross Tabulation of Respondent’s Level of Education and Length of Time in the Fashion Industry
According to the findings of the study, majority of the respondents were diploma holders who have been at their place of work for less than a year, this was 14 of the 79 respondents who answered the question. This shows that most of the respondents engage in short term strategies because these short term plans last for less than a year. This was followed by diploma holders who have been at their work place for 1 to 5 years, this was 13 of the 79 respondents who answered the question. This category of respondents have engaged in short term and middle level strategic plans. This group of respondents was followed by college certificate holders who have been at their work place for 1 to 5 years. This was 9 of the respondents who answered the question. 8 Undergraduate degree holders who have
been at their work place from 1 to 5 years followed. 5 undergraduate degree holders who have been at their work place for 6 to 10 years, 5 high school certificate holders who have been at their work place for 1 to 5 years and 5 high school certificate holders who have been at their work place for less than 1 year followed.

Table 4.3: Education and Length of Time in the Fashion Industry Cross Tabulation

<table>
<thead>
<tr>
<th>Education</th>
<th>Length of Time in the Fashion Industry</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than a year</td>
<td>1-5 years</td>
</tr>
<tr>
<td>Primary</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>High School</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Certificate</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Diploma</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Masters</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Doctorate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Responses</td>
<td>27</td>
<td>35</td>
</tr>
<tr>
<td>No Response</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td></td>
</tr>
</tbody>
</table>

4.3 Effects of Product Differentiation Strategies in the Fashion Industry

In this section, analysis was done to determine how many businesses have product differentiation strategies, types of product differentiation strategies that fashion businesses engage in, reasons why fashion businesses engage in product differentiation strategies, when product differentiation strategies are reviewed, and how fashion businesses rate the success of their product differentiation strategies.
4.3.1 Classification of Respondents by whether the Fashion Businesses has Product Differentiation Strategies

In figure 4.5, results of the analysis show that majority of the fashion businesses engage in product differentiation strategies. According to the study, 94% of the respondents have product differentiation strategies while 6% of the respondents do not have any product differentiation strategies.

![Does Business have any Product Differentiation Strategies?](image)

Figure 4.5: Classification of Respondents by whether the Fashion Business has Product Differentiation Strategies

4.3.2 Product Differentiation Strategies that Fashion Businesses Engage in

As the study revealed, most fashion businesses have quality as their product differentiation strategy. This was represented by 77% of the respondents. 55% of the respondents have focus on the product design as their differentiation strategy, 51% of the respondents focus on the product price, 37% of the respondents focus on the product style, 28% of the respondents focus on the product durability while 16% of the respondents focus on product features as their differentiation strategies.

Table 4.4: Product Differentiation Strategies that Fashion Businesses Engage in

<table>
<thead>
<tr>
<th>Type of product differentiation strategies that fashion businesses engage in.</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>77%</td>
<td>23%</td>
<td>100%</td>
</tr>
<tr>
<td>Product design</td>
<td>55%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>Product features</td>
<td>16%</td>
<td>84%</td>
<td>100%</td>
</tr>
<tr>
<td>Product style</td>
<td>37%</td>
<td>63%</td>
<td>100%</td>
</tr>
<tr>
<td>Product durability</td>
<td>28%</td>
<td>72%</td>
<td>100%</td>
</tr>
<tr>
<td>Product price</td>
<td>51%</td>
<td>49%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.3.3 Reasons Businesses Engage in Product Differentiation Strategies

According to the study, majority of the fashion businesses strongly agree that they have product differentiation so that they can attract new customers. This was represented by 56% of the respondents. 53% of the respondents strongly agree that they have product differentiation strategies so that they can increase their customer loyalty, 51% of the respondents strongly agree that they have product differentiation strategies so that they can increase profits, 47% of the respondents strongly agree that they have product differentiation strategies so that they can increase sales, 45% of the respondents strongly agree that they have product differentiation strategies to increase their product innovativeness, effectiveness, and overcome competition, while 38% of the respondents strongly agree that they have product differentiation strategies so that they can increase their market share.

Table 4.5: Reasons Businesses Engage in Product Differentiation Strategies

<table>
<thead>
<tr>
<th>Reasons Businesses Engage in Product Differentiation Strategies</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase product innovativeness</td>
<td>6%</td>
<td>1%</td>
<td>18%</td>
<td>30%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase product effectiveness</td>
<td>1%</td>
<td>1%</td>
<td>22%</td>
<td>31%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>Overcome competition</td>
<td>4%</td>
<td>1%</td>
<td>20%</td>
<td>30%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase sales</td>
<td>0%</td>
<td>3%</td>
<td>16%</td>
<td>34%</td>
<td>47%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase profits</td>
<td>1%</td>
<td>3%</td>
<td>13%</td>
<td>32%</td>
<td>51%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase customer loyalty</td>
<td>4%</td>
<td>2%</td>
<td>9%</td>
<td>32%</td>
<td>53%</td>
<td>100%</td>
</tr>
<tr>
<td>Attract new customers</td>
<td>3%</td>
<td>3%</td>
<td>10%</td>
<td>28%</td>
<td>56%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase market share</td>
<td>0%</td>
<td>10%</td>
<td>30%</td>
<td>22%</td>
<td>38%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3.4 When Product Differentiation Strategy is Reviewed

The results in figure 4.6 show that 63% of the fashion businesses review their product differentiation strategies monthly. 21% of the respondents review their product differentiation strategy quarterly, this is after every three months, 12% of the respondents
review their product differentiation strategy annually, while 4% of the respondents review their product differentiation strategies semi-annually.

Figure 4.6: When Product Differentiation Strategy is reviewed

4.3.5 Rating Product Differentiation Strategy to Assess the Growth of the Fashion Business

According to the study, at 33%, most of the fashion businesses always use high profits to rate the success of their product differentiation strategies which indicates the growth of the fashion business. 32% of the respondents use high sales to rate the success of their product differentiation strategies, 30% of the respondents always use new customers to rate the success of their product differentiation strategies, while 23% of the respondents always use increase in market share to rate the success of their product differentiation strategy.

Table 4.6: Rating product differentiation strategy to assess the growth of the fashion business

<table>
<thead>
<tr>
<th>Rating product differentiation strategy to assess the growth of the fashion business</th>
<th>Never</th>
<th>Sometimes</th>
<th>Moderately</th>
<th>Most times</th>
<th>Always</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High sales</td>
<td>1%</td>
<td>11%</td>
<td>32%</td>
<td>24%</td>
<td>32%</td>
<td>100%</td>
</tr>
<tr>
<td>High profits</td>
<td>2%</td>
<td>15%</td>
<td>26%</td>
<td>24%</td>
<td>33%</td>
<td>100%</td>
</tr>
<tr>
<td>New customers</td>
<td>0%</td>
<td>13%</td>
<td>24%</td>
<td>33%</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase market share</td>
<td>9%</td>
<td>11%</td>
<td>33%</td>
<td>24%</td>
<td>23%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.4 Effects of Service Differentiation Strategies in the Fashion Industry

In this section, analysis was done to determine how many businesses have service differentiation strategies, types of service differentiation strategies that fashion businesses engage in, reasons why fashion businesses engage in service differentiation strategies, when service differentiation strategies are reviewed, and how fashion businesses rate the success of their service differentiation strategies.

4.4.1 Classification of Respondents by whether the Fashion Business has Service Differentiation Strategies

In figure 4.7, results of the analysis show that majority of the fashion businesses engage in service differentiation strategies. According to the study, 91% of the respondents have service differentiation strategies while 9% of the respondents do not have any service differentiation strategies.

![Pie Chart: Does Business Engage In Service Differentiation Strategy?](image)

Figure 4.7: Classification of Respondents by whether the Fashion Business has Service Differentiation Strategies

4.4.2 Service Differentiation Strategies that Businesses Engage in

According to the study, 77% of the respondents have service delivery as their differentiation strategy, 66% of the respondents have customer consulting as their service differentiation strategy. Advising clients during purchases makes their fashion businesses unique. 42% of the respondents have ordering ease as their service differentiation strategy, 36% of the respondents have product repair and maintenance as their differentiation
strategy, 26% of the respondents have financial arrangements as their differentiation strategy while 24% of the respondents give guarantees as their differentiation strategy.

Table 4.7: Type of Service Differentiation Strategies that Businesses Engage in

<table>
<thead>
<tr>
<th>Type of service differentiation strategies that businesses engage in</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordering ease</td>
<td>42%</td>
<td>58%</td>
<td>100%</td>
</tr>
<tr>
<td>Service delivery</td>
<td>77%</td>
<td>23%</td>
<td>100%</td>
</tr>
<tr>
<td>Guarantees</td>
<td>24%</td>
<td>76%</td>
<td>100%</td>
</tr>
<tr>
<td>Financial arrangement</td>
<td>26%</td>
<td>74%</td>
<td>100%</td>
</tr>
<tr>
<td>Customer consulting</td>
<td>66%</td>
<td>34%</td>
<td>100%</td>
</tr>
<tr>
<td>Product repair and maintenance</td>
<td>36%</td>
<td>64%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.3 Reasons Businesses Engage in Service Differentiation

In this section, the results of the analysis indicated that majority of the respondents, at 64%, strongly agree that increasing profits is the reason why their fashion business engages in service differentiation strategies. 63% of the respondents strongly agree that increasing customer satisfaction is the reason why the fashion businesses engages in service differentiation strategy, 54% of the respondents strongly agree that increasing sales is the reason why fashion businesses engage in service differentiation strategies. 53% of the respondents strongly agree that attracting new customers is the reason why the fashion business engages in service differentiation strategies, 52% of the respondents strongly agree that increasing customer loyalty is the reason why the fashion business engages in service differentiation strategies, 46% of the respondents strongly agree that they engage in service differentiation strategies to increase efficiency, 43% of the respondents strongly agree that overcoming competition and increasing market share is the reason why the fashion business engages in service differentiation strategies while 40% of the respondents strongly agree that they engage in service differentiation strategies to adapt to market trends.
Table 4.8: Reasons Businesses Engage in Service Differentiation Strategies

<table>
<thead>
<tr>
<th>Reasons businesses engage in service differentiation strategies</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase customer satisfaction</td>
<td>2%</td>
<td>0%</td>
<td>11%</td>
<td>24%</td>
<td>63%</td>
<td>100%</td>
</tr>
<tr>
<td>Overcome competition</td>
<td>6%</td>
<td>9%</td>
<td>11%</td>
<td>31%</td>
<td>43%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase efficiency</td>
<td>3%</td>
<td>3%</td>
<td>12%</td>
<td>36%</td>
<td>46%</td>
<td>100%</td>
</tr>
<tr>
<td>Adapt to market trends</td>
<td>4%</td>
<td>3%</td>
<td>18%</td>
<td>35%</td>
<td>40%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase sales</td>
<td>3%</td>
<td>3%</td>
<td>12%</td>
<td>28%</td>
<td>54%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase profits</td>
<td>3%</td>
<td>1%</td>
<td>8%</td>
<td>24%</td>
<td>64%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase customer loyalty</td>
<td>5%</td>
<td>3%</td>
<td>18%</td>
<td>22%</td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>Attract new customers</td>
<td>1%</td>
<td>0%</td>
<td>6%</td>
<td>40%</td>
<td>53%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase market share</td>
<td>3%</td>
<td>5%</td>
<td>30%</td>
<td>19%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.4 When Service Differentiation Strategy is reviewed

In figure 4.8, majority of the respondents review their service differentiation monthly. This is represented by 59% of the respondents. 29% of the respondents review their service differentiation strategies quarterly, 9% of the respondents review their service differentiation strategies annually, and 3% of the respondents review their service differentiation strategies semi-annually.

Figure 4.8: When service differentiation strategy is reviewed
4.4.5 Rating Service Differentiation Strategy to Assess the Growth of the Business
According to the study, 42% of the respondents always use new customers to rate the success of their service differentiation strategies, 41% of the respondents always use high profits to rate the success of their service differentiation strategies, 34% of the respondents always use high sales to rate the success of their fashion business while 32% of the respondents always use increase in market share to rate the success of their fashion business.

Table 4.9: Rating Service Differentiation Strategy to Assess the Growth of the Business

<table>
<thead>
<tr>
<th>Rating service differentiation strategy to assess the growth of the business</th>
<th>Never</th>
<th>Sometimes</th>
<th>Moderately</th>
<th>Most times</th>
<th>Always</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High sales</td>
<td>1%</td>
<td>17%</td>
<td>20%</td>
<td>28%</td>
<td>34%</td>
<td>100%</td>
</tr>
<tr>
<td>High profits</td>
<td>1%</td>
<td>14%</td>
<td>24%</td>
<td>20%</td>
<td>41%</td>
<td>100%</td>
</tr>
<tr>
<td>New customers</td>
<td>0%</td>
<td>7%</td>
<td>19%</td>
<td>32%</td>
<td>42%</td>
<td>100%</td>
</tr>
<tr>
<td>Increases market share</td>
<td>1%</td>
<td>9%</td>
<td>28%</td>
<td>30%</td>
<td>32%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5 Effects of Channel Differentiation Strategies in the Fashion Industry
In this section, analysis was done to determine how many businesses have channel differentiation strategies, types of channel differentiation strategies that fashion businesses engage in, reasons why fashion businesses engage in channel differentiation strategies, when channel differentiation strategies are reviewed, and how fashion businesses rate the success of their channel differentiation strategies.

4.5.1 Classification of Respondents by whether the Fashion Business has Channel Differentiation Strategies
In figure 4.9, results of the analysis show that majority of the fashion businesses engage in channel differentiation strategies. According to the study, 86% of the respondents have channel differentiation strategies while 14% of the respondents do not have any channel differentiation strategies.
4.5.2 Type of Channel Differentiation Strategies that Fashion Businesses Engage in

Results in table 4.10 show that majority of the respondents, that is, 78% of the respondents have product delivery as their channel differentiation strategy, 57% of the respondents have coverage/availability of the product as their channel differentiation strategy, 41% of the respondents have distribution expertise as their channel differentiation strategy, and 18% of the respondents have channel performance as their differentiation strategy.

Table 4.10: Type of Channel Differentiation Strategies that Fashion Businesses Engage in

<table>
<thead>
<tr>
<th>Type of channel differentiation strategies that fashion businesses engage in</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage/availability of product</td>
<td>57%</td>
<td>43%</td>
<td>100%</td>
</tr>
<tr>
<td>Product delivery</td>
<td>78%</td>
<td>22%</td>
<td>100%</td>
</tr>
<tr>
<td>Distribution expertise</td>
<td>41%</td>
<td>59%</td>
<td>100%</td>
</tr>
<tr>
<td>Channel performance</td>
<td>18%</td>
<td>82%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5.3 Reasons Businesses Engage in Channel Differentiation Strategies

The results in table 4.11 show that majority of the respondents at 61% strongly agree that they have channel differentiation strategies so that they can have increased sales and increased customer loyalty. 59% of the respondents strongly agree that they have channel
differentiation strategies so that they can have increased customer satisfaction, 57% of the respondents strongly agree that they have channel differentiation strategies so that they can have increased profits, 56% of the respondents strongly agree that with channel differentiation strategies they would attract new customers, 51% of the respondents strongly agree that they would have increased efficiency, 48% of the respondents strongly agree that they would have increased publicity and increased effectiveness, 40% of the respondents strongly agree that they would have increased market share, and 36% of the respondents strongly agree that they use channel differentiation strategies to adapt to market trends.

Table 4.11: Reasons Businesses Engage in Channel Differentiation Strategies

<table>
<thead>
<tr>
<th>Reasons businesses engage in channel differentiation strategies</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase customer satisfaction</td>
<td>3%</td>
<td>0%</td>
<td>12%</td>
<td>26%</td>
<td>59%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase publicity</td>
<td>4%</td>
<td>7%</td>
<td>12%</td>
<td>29%</td>
<td>48%</td>
<td>100%</td>
</tr>
<tr>
<td>Adapt to market trends</td>
<td>4%</td>
<td>4%</td>
<td>18%</td>
<td>38%</td>
<td>36%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase efficiency</td>
<td>3%</td>
<td>5%</td>
<td>13%</td>
<td>28%</td>
<td>51%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase effectiveness</td>
<td>5%</td>
<td>3%</td>
<td>10%</td>
<td>34%</td>
<td>48%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase sales</td>
<td>4%</td>
<td>1%</td>
<td>9%</td>
<td>25%</td>
<td>61%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase profits</td>
<td>4%</td>
<td>1%</td>
<td>10%</td>
<td>28%</td>
<td>57%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase customer loyalty</td>
<td>4%</td>
<td>0%</td>
<td>14%</td>
<td>21%</td>
<td>61%</td>
<td>100%</td>
</tr>
<tr>
<td>Attract new customers</td>
<td>5%</td>
<td>4%</td>
<td>9%</td>
<td>26%</td>
<td>56%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase market share</td>
<td>3%</td>
<td>6%</td>
<td>25%</td>
<td>26%</td>
<td>40%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5.4 When Channel Differentiation Strategy is reviewed

The results in figure 4.10 indicate that majority of the respondents at 63% review their channel differentiation strategies monthly. The results further indicate that 25% of the respondents review their channel differentiation strategy quarterly, 6% of the respondents review their channel differentiation strategies semi-annually, and another 6% of the respondents review their channel differentiation strategies annually.
4.5.5 Rating Channel Differentiation Strategy to Assess the Growth of the Fashion Business

According to the study, majority of the respondents at 42% always use high sales and number of new customers to rate the success of their channel differentiation strategies. 38% of the respondents always use high profits to rate the success of their channel differentiation strategies and 30% of the respondents always check the increase in market share to rate the success of their channel differentiation strategies.

Table 4.12: Rating Channel Differentiation Strategy to Assess the Growth of the Fashion Business

<table>
<thead>
<tr>
<th>Rating channel differentiation strategy to assess the growth of the fashion business.</th>
<th>Never</th>
<th>Sometimes</th>
<th>Moderately</th>
<th>Most times</th>
<th>Always</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High sales</td>
<td>0%</td>
<td>10%</td>
<td>22%</td>
<td>26%</td>
<td>42%</td>
<td>100%</td>
</tr>
<tr>
<td>High profits</td>
<td>2%</td>
<td>9%</td>
<td>21%</td>
<td>30%</td>
<td>38%</td>
<td>100%</td>
</tr>
<tr>
<td>New customers</td>
<td>0%</td>
<td>10%</td>
<td>12%</td>
<td>36%</td>
<td>42%</td>
<td>100%</td>
</tr>
<tr>
<td>Increase market share</td>
<td>6%</td>
<td>12%</td>
<td>27%</td>
<td>25%</td>
<td>30%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.6 Correlation and Regression Analysis between Differentiation Strategies and Growth of Fashion Businesses

4.6.1 Correlation between Differentiation Strategies and Growth of Fashion Businesses

The results in Table 4.4 below show how differentiation strategies and growth of fashion businesses are correlated with each other. Regarding the direction of the relationship of the variables, the correlation coefficient \( r = 0.310 \) indicates that this is a positive correlation coefficient which means that, there is a positive correlation between differentiation strategies and growth of fashion businesses. That is, as the business increases its differentiation strategies, the growth of the fashion business increases as well. The strength of the relationship is somewhat strong as the correlation coefficient is larger than 3.

The results also show that a 2-tailed test of significance, gives us the p value 0.005 which is less than 0.05, the alpha level. If \( p < 0.05 \) we reject the \( H_0 \) (there is no supported relationship between differentiation strategies and growth of fashion businesses). Since \( p \) value 0.005 is less than the alpha level 0.05 we reject the \( H_0 \). Therefore, there is a statistically significant correlation between differentiation strategies and growth of fashion businesses.

Table 4.13: Correlation between Differentiation Strategies and Growth of Fashion Businesses

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Differentiation strategies (Product, Service, &amp; Channel)</th>
<th>Growth (Product, Service, &amp; Channel)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation strategies (Product, Service, &amp; Channel)</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
<tr>
<td>Growth (Product, Service, &amp; Channel)</td>
<td>Pearson Correlation</td>
<td>.310**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
4.6.2 Regression Analysis between Differentiation Strategies and Growth of Fashion Businesses

The results in table 4.5 below show that differentiation strategies account only for 0.096 (that is 9.6%) of the variation in the growth of fashion businesses. This means, 0.904 or 90.4% of variation in the growth of fashion businesses is explained by other factors.

Table 4.14: Regression Analysis Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.310³</td>
<td>.096</td>
<td>.085</td>
<td>.643</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Differentiation strategies (Product, Service, & Channel)

4.6.2.1 Hypothesis Testing

To determine whether differentiation strategies have an effect on the growth of fashion businesses, a hypothesis that there is no significant relationship between differentiation strategies and growth of fashion businesses was tested.

**Decision rule:** Reject hypothesis if calculated p value is less than the critical p value of 0.05.

H₀: b = 0 There is no significant relationship between differentiation strategies and the growth of fashion businesses.

H₁: b ≠ 0 There is a supported relationship between differentiation strategies and the growth of fashion businesses.

Regression results in table 4.6 below indicate that the p value 0.005 is less than the critical p value 0.05. Therefore, we reject the null hypothesis (there is no supported relationship between differentiation strategies and growth of fashion businesses) and accept the alternative hypothesis (There is a supported relationship between differentiation strategies and growth of fashion businesses). This means that differentiation strategies statistically affect the growth of fashion businesses.
Table 4.15: Regression Analysis between Differentiation Strategies and Growth of Fashion Businesses

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
</tr>
<tr>
<td>Differentiation strategies (Product, Service, &amp; Channel)</td>
<td>.305</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Growth (Product, Service, & Channel)

4.6.2.2 Coefficients on Differentiation Strategies and Growth of Fashion Businesses

The general form of the regression model that was used was the following:

\[ Y = \beta_0 + \beta_1 x_1 + \varepsilon \]

Where,

- \( Y = \) Dependent Variable (Growth);
- \( \beta_0 = \) Constant;
- \( \beta_1 x_1 = \) Independent variable (Differentiation Strategy);
- \( \varepsilon = \) Error term

From table 4.6, differentiation strategies affect the growth of fashion businesses with the following equation:

\[ Y = 2.530 + 0.305 \text{ (Differentiation Strategy)} + 0.105 \]

This study established that there is significant relationship between differentiation strategies and the growth of fashion businesses, therefore, rejecting the null hypothesis \( H_0 \) and accepting the alternative hypothesis \( H_1 \): There is a supported relationship between differentiation strategies and the growth of fashion businesses.
4.7 Chapter Summary
Chapter four has provided the results and findings according to the data that was collected from the respondents in the fashion businesses. The results of the findings have been presented in frequency tables and figures. The presentation covered the demographic information of the respondents and findings were presented according to the research questions of the study which were: What are the effects of product differentiation strategies on the growth of fashion businesses? What are the effects of service differentiation strategies on the growth of fashion businesses? And what are the effects of channel differentiation strategies on the growth of fashion businesses? The next chapter presents in detail the discussions of the findings, conclusions, and recommendations based on the results and findings of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the research findings on the effects of differentiation strategies on the growth of fashion businesses in Kenya. The areas covered in this chapter are; the summary of the research, discussion of research findings, conclusions, and recommendations based on the findings of the study.

5.2 Summary of Findings

The purpose of the study was to determine the effects of differentiation strategies on the growth of fashion businesses in Kenya and the research questions were: What are the effects of product differentiation strategies on the growth of fashion businesses? What are the effects of service differentiation strategies on the growth of fashion businesses? And finally, what are the effects of channel differentiation strategies on the growth of fashion businesses?

The population of the study was made up of owners of the businesses (34%), managers (13%), fashion designers (10%), sales representatives (30%), and tailors (13%) who are involved in formulating strategies for the fashion business. The data collection instrument that was used in the study was a questionnaire and the data was analyzed using descriptive and inferential statistics. Descriptive statistics included frequencies and percentages while inferential statistics included Pearson Correlation and Linear Regression. Statistical Package for Social Sciences (SPSS) and Ms. Excel were used in the analysis.

The first research question was to determine the effects of product differentiation strategy on the growth of fashion businesses. The study found that most of the fashion businesses at 77%, have product quality as their differentiation strategy, other product differentiation strategies that were used were product design, product price, product style, product durability, and product features. Most of the fashion businesses at 56% engage in product differentiation strategies to attract new customers. Other reasons for engaging in product differentiation strategies were to increase customer loyalty and increase profits. Fashion
businesses that have had successful product differentiation strategies have high profits, high sales, and are able to attract new customers.

The second research question was to determine the effects of service differentiation strategies on the growth of fashion businesses. The study found that most of the fashion businesses at 77%, use service delivery and customer consulting at 66% as their differentiation strategies. According to the study, most of the fashion businesses at 64% have service differentiation strategies so that they can increase their profits. Other reasons for engaging in service differentiation strategies were to; increase customer satisfaction, increase sales, attract new customers, and increase customer loyalty. Fashion businesses that have had successful service differentiation strategies have been able to attract new customers, have high profits, and increase their sales.

The third research question was to determine the effects of channel differentiation strategies on the growth of fashion businesses. The study found that most of the fashion businesses at 78% have good product delivery as their channel differentiation strategy while 55% of fashion businesses have coverage/availability of product as their channel differentiation strategy. The main reason most (61%) of the fashion businesses had channel differentiation strategies was to increase sales and increase customer loyalty. Other reasons for having channel differentiation strategies were to; increase customer satisfaction, have high profits, attract new customers, and increase efficiency. Fashion businesses that have had successful channel differentiation strategies have been able to achieve high sales, attract new customers, and have high profits.

5.3 Discussion
5.3.1 The Effects of Product Differentiation Strategies on the Growth of Fashion Businesses

The study shows that 94% of the fashion businesses have product differentiation strategies such as high quality products, unique designs, and price. These differentiation strategies give the fashion businesses an edge over their competitors. 77% of the fashion businesses are able to offer high quality products by using high quality materials in the manufacture of their products and having high qualified tailors. This is in line with Cole (2003) who argues that high quality can be achieved by using high quality materials, new technology,
and human labour to create products that need very detailed customization. Fashion designers working for fashion businesses under study, design products that have functional benefits. This is because their target market uses the product design as a guide in determining what to purchase. These fashion designers use design as their differentiation strategy to attract a given market. Kotler and Keller (2011) agree by saying, organizations can differentiate their products by having well-designed products that have both aesthetic and functional benefits.

Majority of fashion businesses strongly agree that they have product differentiation strategies to make their products look unique from their competitors’ products. 56% strongly agree that product differentiation strategies enable them to attract new customers, 53% strongly agree they increase customer loyalty, 51% strongly agree they are able to increase profits, and 47% strongly agree they are able to increase sales. These findings agree with those of Hitt, Ireland, and Hoskisson (2006), product differentiation brings in customer loyalty and high profits where a customer may insist on a certain product from a given brand and will replace it with another one made by the same fashion house even if the price has increased. 32% of the fashion businesses under study aim for high sales when running their businesses. The fashion business are able to do this by stocking products that are relatively affordable. Price is an important differentiation strategy for these fashion businesses because the target market is price conscious and offering products that are deemed affordable increases their sales.

Majority of the fashion businesses under study at 84% do not have product features as their differentiation strategy. This is because the fashion businesses incorporate the features that are trending in that period. 72% of the fashion businesses do not have product durability as their differentiation strategy. Fashion business prefer using the materials that are trending in that period. The materials used may be durable or not durable but are considered stylish. However, the customers are allowed to choose the material they want for their product and may add any unique features if the product they want is not ready-made.

Majority of the fashion businesses under study (63%), review their product differentiation strategies monthly. Fashion changes all the time and businesses must always be a step ahead to know what their customers want. Most of the fashion businesses at 33% always rate the
success of their product differentiation strategies by the level of profits the business makes per month. The amount of sales a business makes per month is also used to rate the success of the product differentiation strategies by 32% of the fashion businesses. Product differentiation strategies as revealed in the study were very important aspects of growth of a fashion business since the levels of profits, amounts of sales, number of new customers, and large market share depend on the strategies’ successful implementation.

5.3.2 The Effects of Service Differentiation Strategies on the Growth of Fashion Businesses

The study shows that a majority (91%) of the fashion businesses in Kenya have service differentiation strategies. Service delivery (77%) and customer consulting (66%) are the most used service differentiation strategies. Fashion businesses that have good service delivery are able to have employees that are efficient and effective in handling different customer needs. Thompson (2015) notes that service delivery can become a means of adding value, attracting and retaining customers, and building market share. Most fashion business offer customer consultation services because most customers prefer consultations before they spend their money on a product. These findings agree with Kamath (2016), customers expect the sales people to assist them when they are buying products.

Majority of the fashion businesses at 64% strongly agree that they have service differentiation strategies in order to make high profits while 63% strongly agree they engage in service differentiation strategies to increase customer’s satisfaction. Other reasons fashion businesses engage in service differentiation strategies is to increase their sales, attract new customers, and increase customer loyalty. Slack and Parent (2006) confirm, when a service is seen as unique, a business firm can charge a premium price which will eventually lead to high profits. Some fashion businesses aim to gain customer loyalty by having unique service such as ordering ease. These businesses find unique ways of making it easy for customers to place orders with the fashion business. The findings agree with those of Kaufmann and Panni (2013), when customers are placing their orders the employees should be competent, courteous, credible, reliable, responsive, and have effective communication to ensure there is ease of ordering.

Most of the fashion businesses under study at 76% do not offer product guarantees and 74% do not offer financial arrangements. This is because the fashion businesses do not
want to assume any risks since some clients may have difficulties paying the entire balance of a product and the business may be left waiting months for payments. However, the customers are allowed to make small payments (deposit) to secure a product and are only allowed to take the product home when the full amount is paid.

Majority of the fashion businesses under study at 59% review their service differentiation strategies monthly. For most businesses, the service differentiation strategies are continuously used depending on how successful they were that month. Most fashion businesses consider their service differentiation strategies successful if the business had a high number of new customers, the business experienced high sales, high levels of profits, and a relative increase in market share in that month.

5.3.3 The Effects of Channel Differentiation Strategies on the Growth of Fashion Businesses
The study shows that most of the fashion businesses at 78% have product delivery and 57% have availability of product as their channel differentiation strategies. These fashion businesses aim to achieve good product distribution location coverage and effective product delivery. Most of the fashion businesses under study prefer selling their products directly to the consumer instead of having intermediaries. For those who use intermediaries, they only use channels that they can control, since that is where their differentiation strategies lie. The fashion businesses are able to control the delivery speed of products, for example, ensuring fast delivery of products. These findings agree with those of Isabelle (2012), with a fast delivery strategy the business is able to distribute new fashion in a short amount of time.

Fashion businesses strongly agree that the major reasons they have channel differentiation strategies is to increase sales (61%), increase customer loyalty (61%), increase customer satisfaction, (59%) increase profits (57%), attract new customers (56%), and increase efficiency (51%). On time delivery is a benefit most consumers value and are willing to pay a premium price for. In product delivery, fashion businesses that are able to deliver products to their customers faster than their competitors are able to make high sales, high profits as well as meeting other business objectives. These findings agree with those of Michael (2011), if a business organization is able to deliver goods or services to the consumers faster than the competition, speed of delivery might be the competitive
advantage that’s worth pursuing. Majority of the fashion businesses under study focus on the availability of the product so that they can have high sales, high profits, increased customer loyalty as well as achieving their business objectives. These fashion businesses ensure their products are available where and when they’re needed. In addition, according to a study by Michael (2011) a brand whose product is available throughout unlike its competitors, enjoys a competitive advantage.

Majority of the fashion businesses at 63% review their channel differentiation strategies monthly. The channel differentiation strategies are considered successful depending on the level of sales, number of new customers, level of profits, and increase in market share. Most fashion businesses have short term strategies because a strategy may last for less than a year if it’s not as successful as a business might wish. Some fashion businesses have more than one channel differentiation strategies. The significant relationship between the differentiation strategies and growth could be attributed to the appropriate mix of differentiation strategies.

5.4 Conclusion

5.4.1 The Effects of Product Differentiation Strategies on the Growth of Fashion Businesses

The study concludes that the major product differentiation strategies are product quality followed by product design and product price. The major reasons that fashion business engage in product differentiation strategies is to attract new customers, increase customer loyalty, and increase profits. Thus, the biggest success of a fashion business arises mostly from having a successful product in the market.

5.4.2 The Effects of Service Differentiation Strategies on the Growth of Fashion Businesses

The study found that service delivery and customer consulting are the major service differentiation strategies used by fashion businesses. It’s evident that fashion businesses that have service differentiation strategies as their core strategies, make their customers their main priority. This in turn, enables them to make high profits while still increasing customer satisfaction, increasing sales, attracting new customers, and increasing customer
loyalty. The use of service differentiation strategies has aided the growth of the fashion businesses under study.

5.4.3 The Effects of Channel Differentiation Strategies on the Growth of Fashion Businesses
Channel differentiation strategies enable fashion business to have an edge over their competitors through the way they design their distribution channels. The study concludes that the major channel differentiation strategies used by fashion businesses are product delivery and coverage/availability of the product. The greatest concern of fashion businesses that use these strategies is the type of distribution channel to be used as well as where and when the product should be available to the customers. The study also found out that most of the fashion businesses use the channel differentiation strategy to increase sales and customer loyalty while other fashion businesses use the channel differentiation strategy in order to increase their publicity and adapt to market trends. In addition, the channel differentiation strategies were found to be contributors to the growth of the fashion businesses.

5.5 Recommendations
5.5.1 Recommendations for Improvement
5.5.1.1 Recommendations on Product Differentiation Strategies
The findings showed that product differentiation strategies have a significant positive effect on the growth of fashion businesses. Based on this, the study recommends that fashion businesses carry out more research on more aspects that customers consider valuable or important in a product and incorporate them in their differentiation strategies.

5.5.1.2 Recommendations on Service Differentiation Strategies
From the study, it is clear that customers are encouraged to make purchases from a business that has exemplary service delivery. Based on these findings, the study recommends that fashion businesses should have good service delivery even as they engage in other differentiation strategies. The personnel should also be constantly trained and reminded that the customer is king.
5.5.1.3 Recommendations on Channel Differentiation Strategies

The study established that the fashion businesses growth is improved when a business has good channel differentiation strategies. The study therefore recommends that fashion businesses should ensure they have well-functioning distribution channels that have good communication so that whichever channel differentiation strategy a business chooses will still be highly effective and lead to the overall growth of the business.

5.5.2 Recommendations for Further Studies

This study investigated the effects of differentiation strategies on the growth of fashion businesses in Kenya, from the business perspective. This study recommends that further research should be carried out on the consumer’s perspective so as to determine how the customers perceive these differentiation strategies and to what extent these strategies influence their buying behaviour. The study also recommends that future research should be carried out to determine other factors that have effect on the growth of fashion businesses in Kenya.
REFERENCES


APPENDIX I: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your gender?
   Male [ ]  Female [ ]

2. What is your age bracket?
   16 – 26 [ ]  27 – 37 [ ]  38 – 48 [ ]
   49 – 59 [ ]  60 – 70 [ ]

3. What is your level of education?
   Primary [ ] High school [ ] Certificate [ ]
   Diploma [ ] Undergraduate [ ] Masters [ ]
   Doctorate [ ]
   Other (Please specify) ________________________________

4. What is your role in the fashion business?
   Owner [ ] Manager [ ] Fashion Designer [ ]
   Tailor [ ] Sales representative [ ]
   Other (Please specify) ________________________________

5. How long have you worked in this organization?
   Less than a year [ ] 1-5 years [ ] 6-10 years [ ]
   11-15 years [ ] 16-20 years [ ] More than 20 years [ ]

6. How long have you been in the fashion industry?
   Less than a year [ ] 1-5 years [ ] 6-10 years [ ]
   11-15 years [ ] 16-20 years [ ] More than 20 years [ ]
SECTION B: EFFECTS OF PRODUCT DIFFERENTIATION ON THE GROWTH OF FASHION BUSINESSES

1. Does the business have any product differentiation strategies?
   Yes [ ]  No [ ]

2. If yes, what type of product differentiation does your business engage in? You may tick more than one option.
   - Product Quality [ ]
   - Product Design [ ]
   - Product Features [ ]
   - Product Style [ ]
   - Product Durability [ ]
   - Product Price [ ]
   - Other (Please specify) ____________________________________________

3. The fashion business engages in product differentiation strategies to:

   On a scale of 1 to 5 where, Strongly Disagree (SDA) = 1, Disagree (DA) = 2, Neutral (N) = 3, Agree (A) = 4, Strongly Agree (SA) = 5

<table>
<thead>
<tr>
<th></th>
<th>SDA</th>
<th>DA</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase product innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase product effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overcome competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attract new customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. To what extent do the following parties participate in formulating the product differentiation strategies?

On a scale of 1 to 5 where, poorly involved = 1, moderately involved = 2, involved = 3, satisfactorily involved = 4 and highly involved = 5

<table>
<thead>
<tr>
<th>Parties involved</th>
<th>Poorly involved</th>
<th>Moderately involved</th>
<th>Involved</th>
<th>Satisfactorily involved</th>
<th>Highly involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fashion Designers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tailors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales representatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. How regularly is the product differentiation strategy reviewed?

Monthly [ ] Quarterly [ ] Semi-annually [ ]
Annually [ ]
Other (Please specify) ________________________________

6. To what extent does the fashion business use the following rating system to assess the product differentiation strategy?

<table>
<thead>
<tr>
<th>Rating system</th>
<th>Never</th>
<th>Sometimes</th>
<th>Moderately Most Times</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>High sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases market share</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
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</tr>
</tbody>
</table>
SECTION C: EFFECTS OF SERVICE DIFFERENTIATION ON THE GROWTH OF FASHION BUSINESSES

1. Does the business engage in service differentiation strategies?
   Yes [ ] No [ ]

2. If yes, what type of service differentiation strategy does your business engage in? You may tick more than one option.
   Ordering ease [ ] Service delivery [ ]
   Guarantees [ ] Financial arrangement [ ]
   Customer consulting [ ] Product repair and maintenance [ ]
   Other (Please specify) _______________________________________________________________________

3. The fashion business engages in service differentiation strategies to:

   On a scale of 1 to 5 where, Strongly Disagree (SDA) = 1, Disagree (DA) = 2, Neutral (N) = 3, Agree (A) = 4, Strongly Agree (SA) = 5

<table>
<thead>
<tr>
<th></th>
<th>SDA</th>
<th>DA</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overcome competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adapt to market trends</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase profits</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Increase customer loyalty</td>
<td></td>
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</tr>
<tr>
<td>Attract new customers</td>
<td></td>
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<tr>
<td>Increase market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. To what extent do the following parties participate in formulating the service differentiation strategies?

On a scale of 1 to 5 where, poorly involved = 1, moderately involved = 2, involved = 3, satisfactorily involved = 4 and highly involved = 5

<table>
<thead>
<tr>
<th>Parties involved</th>
<th>Poorly involved</th>
<th>Moderately involved</th>
<th>Involved</th>
<th>Satisfactorily involved</th>
<th>Highly involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td></td>
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<tr>
<td>Managers</td>
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<tr>
<td>Fashion Designers</td>
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<tr>
<td>Tailors</td>
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<tr>
<td>Sales representatives</td>
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<tr>
<td>Other (Please specify)</td>
<td></td>
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</tbody>
</table>

5. How regularly is the service differentiation strategy reviewed?

Monthly [ ] Quarterly [ ] Semi-annually [ ] Annually [ ]

Other (Please specify) ________________________________________________

6. To what extent does the fashion business use the following rating system to assess the product differentiation strategy?

<table>
<thead>
<tr>
<th>Rating system</th>
<th>Never</th>
<th>Sometimes</th>
<th>Moderately</th>
<th>Most Times</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>High sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>High profits</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>New customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases market share</td>
<td></td>
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<tr>
<td>Other (Please specify)</td>
<td></td>
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</tbody>
</table>
SECTION D: EFFECTS OF CHANNEL DIFFERENTIATION ON THE GROWTH OF FASHION BUSINESSES

1. Does the business engage in channel differentiation strategies?
   Yes [ ] No [ ]

2. If yes, what type of channel differentiation strategy does your business engage in? You may tick more than one option.
   Coverage/ availability of product [ ] Product delivery [ ]
   Distribution expertise [ ] Channel Performance [ ]
   Other (Please specify) ________________________________

3. The fashion business engages in channel differentiation strategies to:
   On a scale of 1 to 5 where, Strongly Disagree (SDA) = 1, Disagree (DA) = 2, Neutral (N) = 3, Agree (A) = 4, Strongly Agree (SA) = 5

<table>
<thead>
<tr>
<th></th>
<th>SDA</th>
<th>DA</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Increase publicity</td>
<td></td>
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<tr>
<td>Adapt to market trends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Increase efficiency</td>
<td></td>
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<tr>
<td>Increase effectiveness</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Increase sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Increase profits</td>
<td></td>
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<tr>
<td>Increase customer loyalty</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Attract new customers</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Increase market share</td>
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<tr>
<td>Other (Please specify)</td>
<td></td>
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</tr>
</tbody>
</table>
4. To what extent do the following parties participate in formulating the channel differentiation strategies?

On a scale of 1 to 5 where, poorly involved = 1, moderately involved = 2, involved = 3, satisfactorily involved = 4 and highly involved = 5

<table>
<thead>
<tr>
<th>Parties involved</th>
<th>Poorly involved</th>
<th>Moderately involved</th>
<th>Involved</th>
<th>Satisfactorily involved</th>
<th>Highly involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

5. How regularly is the channel differentiation strategy reviewed?

Monthly [ ] Quarterly [ ] Semi-annually [ ]

Annually [ ]

Other (Please specify) ____________________________________________________________

6. To what extent does the fashion business use the following rating system to assess the channel differentiation strategy?

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<th>Always</th>
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<td>High profits</td>
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<tr>
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<tr>
<td>Increases market share</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Thank you for participating in filling this questionnaire.

END
## APPENDIX II: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Budget Line Items</th>
<th>Cost in (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Proposal Development</strong></td>
<td></td>
</tr>
<tr>
<td>a. Materials</td>
<td>5,000</td>
</tr>
<tr>
<td>b. Printing</td>
<td>5,000</td>
</tr>
<tr>
<td>c. Photocopying</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>2. Data Collection (Fieldwork)</strong></td>
<td></td>
</tr>
<tr>
<td>a. Photocopying</td>
<td>2,000</td>
</tr>
<tr>
<td>b. Travelling</td>
<td>1,500</td>
</tr>
<tr>
<td>c. Research Assistant</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>3. Data Analysis &amp; Interpretation</strong></td>
<td></td>
</tr>
<tr>
<td>a. Data Entry</td>
<td>8,000</td>
</tr>
<tr>
<td>b. Data Cleaning</td>
<td>2,000</td>
</tr>
<tr>
<td>c. Data Analysis &amp; Interpretation</td>
<td>18,000</td>
</tr>
<tr>
<td><strong>4. Report Writing &amp; Dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>a. Report Writing</td>
<td>5,000</td>
</tr>
<tr>
<td>b. Dissemination</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>67,500</strong></td>
</tr>
</tbody>
</table>
# APPENDIX III: IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>Research Activities</th>
<th>Time Frame</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proposal Development</td>
<td>June 2016 - August 2016</td>
<td>3 Months</td>
</tr>
<tr>
<td>2. Data Collection (Fieldwork)</td>
<td>October 2016 - October 2016</td>
<td>1 Month</td>
</tr>
<tr>
<td>3. Data Analysis &amp; Interpretation</td>
<td>November 2016 - December 2016</td>
<td>2 Months</td>
</tr>
<tr>
<td>5. Report Dissemination</td>
<td>March 2017 - April 2017</td>
<td>2 Months</td>
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</tbody>
</table>