THE EFFECT OF COMPETITIVE ADVANTAGE ON CUSTOMER ATTRACTION TO RIDE HAILING APPS. A CASE STUDY OF USIU-AFRICA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2018
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A Research Project Submitted to the Chandaria School of Business in Partial
Fulfilment of the Requirement for the Degree of Masters in Business Administration
(MBA)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2018
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 in Nairobi for academic credit.

Signed: __________________________  Date: __________________________

Stella Wanjiru Gitau (ID No. 630887)

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

Signed: __________________________  Date: __________________________

Timothy Okech, PhD

Signed: __________________________  Date: __________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to establish the effect of competitive advantage on attracting customers to a ride hailing app basing on USIU-Africa students. The research questions of the study investigated on: the extent at which cost leadership influences customer attraction to a ride hailing app, the effect of differentiation on customer attraction to a ride hailing app and the influence of focus strategy on customer attraction to a ride hailing app.

The descriptive research design was used to obtain data that defined the characteristics of the purpose of this study by measuring the features in the research questions. A structured questionnaire was used to collect primary data from the target population of USIU-Africa students. The researcher used simple random sampling technique to attain the sample size of 173 students across the three education levels: undergraduate, masters and doctorate. Descriptive statistics such as mean, standard deviation and inferential statistics, which include: correlation analysis and regression analysis, were used to test the influence of competitive advantage on attracting customers to ride hailing apps.

Analysis of the first research question determined the impact of cost leadership on customer attraction to a ride hailing app. The findings revealed that majority of respondents are attracted to their preferred ride hailing apps because of low prices. From the findings Uber emerged as the most preferred ride hailing app demonstrating the firm has embarked on gaining competitive advantage by having the lowest cost in the industry. One of the ways which Uber offer customers low prices is through discounts which most of the respondents agreed attracts them to the ride hailing app. The study also revealed that most of the respondents agreed the price charged represents the value of money. This indicates though the preferred ride hailing apps offer services at a lower cost they endeavour to offer quality standard services.

Examination of the second research question established the effect of differentiation on customer attraction to a ride hailing app. Based on most of the respondents agreed their preferred ride hailing app has better features compared with the rest. This signifies the firms have invested in offering unmatched services to deliver superior value to a wide range of customers to become the preferred brand of choice in the industry. Based on the outcome of the survey most of the respondents indicated the drivers of their
preferred ride hailing app are readily available, they are professional and the cars are in good condition. This depicts the ride hailing apps have assimilated the functioning processes between the customers and the drivers to offer superior services and achieve competitive advantage through differentiation.

Investigation of the third objective determined how the focus strategy influences customer attraction to a ride hailing app either through low cost or differentiation focus. The result findings demonstrated focus strategy has an impact on attracting customers to ride hailing apps either through the low-cost focus or the differentiation focus strategy. This is based on the result findings that indicated most respondents are willing to switch to the cheapest app also to the app with the best services. The respondents willing to switch to the cheapest app represent the extremely cost-conscious customers while those who were willing to switch to the app with the best services represents the customers who are in pursuit of the best value in specialty services which come at a high price that they don’t mind paying for.

The study concludes that while cost leadership, differentiation and focus strategies does influence customer attraction to ride hailing apps, a combination of all three brings forth a higher competitive edge. However, it was noted that cost leadership strategy has the greatest impact on attracting customers to ride hailing apps.

It was recommended that for the ride hailing apps to achieve competitive advantage they need to: pay attention to proprietary technology to produce the most efficient services in the market and sell it at the lowest price, use technology to attain the cutting edge of innovation that will help limit easy imitation of the firm’s distinctiveness and extensively scan the environment and possess intimate knowledge that will help identify the best niche to concentrate on either low cost or differentiation. For further studies, there is a need to undertake a study to establish the effect of competitive advantage on attracting drivers to partner with the ride hailing apps.
ACKNOWLEDGEMENT

I would like to acknowledge my parents Mr. & Mrs. Gideon and Ruth Gitau for their moral and financial support as well as my dear sisters Nancy and Polly Gitau for the constant motivation. My gratitude also goes to my supervisor; Dr. Timothy Okech, all my lecturers since undergraduate, classmates, colleagues and everyone whose contribution and positive criticism accelerated, aided and enhanced this study. Thank you all.
DEDICATION

This study is dedicated to my parents Mr. & Mrs. Gideon and Ruth Gitau for their love and devotion to my destiny of greatness.
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<tr>
<td>ANOVA</td>
<td>Analysis of Variances</td>
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<tr>
<td>GPS</td>
<td>Global Positioning System</td>
</tr>
<tr>
<td>DF</td>
<td>Degrees of Freedom</td>
</tr>
<tr>
<td>SD</td>
<td>Standard Deviation</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION
1.1 Background of the Problem

Competitive advantage is one of the earliest concepts in the strategic management literature which has been studied by key academics that have immensely contributed to this field. Ansoff defined competitive advantage as the unique opportunities within the growth vector and product-market scope that gives firms a strong competitive position (Sigalas, Economou, & Georgopoulos, 2013). Correspondingly, Porter described the firm’s ability to position itself favorably in an industry to outdo competition as transformation of the competitive strategy into a competitive advantage (Meihami & Meihami, 2013). Wang (2014) indicated that a firm will possess competitive advantage over its competitors when it earns a persistently higher rate of profit due to inimitable, distinctive, rare and valuable firm-level resources.

In recent studies, competitive advantage has been defined as the benefit gained by firms over competitors when they offer customers with greater value, either by providing additional benefits or through lower prices (Attiany, 2014). This can be likened to the observations made by Wang (2014) that when companies create more economic value than the marginal competitor, it indicates the firm has gained competitive advantage. Superior firm performances relative to its rivals in the industry also serve as an empirical indicator of gaining competitive advantage (Schilke, 2014).

In recent years, there has been an upturn in the number of innovative app-based ride services, generally referred to as Commercial Transport Apps (International Transport Forum, 2016). The ride hailing apps have become popular due to superior consumer value than most current services in metropolitan areas (City of New Orleans, 2016). In a recent study of the ride hailing market, MarketsandMarkets (2017), observed that the industry is expected to grow at a compound annual growth rate of 19.81% through the forecast period of 2017, to reach USD 276.00 Billion by 2025. The main global players dominating the market include: Uber Technologies Inc. (U.S.), Denso Corporation (Japan), Delphi Automotive Plc (U.K.), TomTom NV (The Netherlands) and Intel Corporation (U.S.) (Goldman Sachs, 2017).
Taxis had long been one of the leading forms of transportation in most of the cities around the world. In the late 1930, most cities had placed government regulations to combat the oversupply, stabilize prices, ensure the safety and quality of taxis, as well as give drivers a habitable wage (Snead, 2015). Snead observed that the industry now faces competition from a new type of transportation service dubbed ride-sharing with emergence of companies like Uber, Lyft and other competitors offering smartphone applications that link riders with drivers. A passenger would request a ride through the mobile application, which then links the passenger’s location to a driver via GPS. These apps charge a distance variable fare; approximately 80% of which goes to the driver while the remaining goes to the ride sourcing service. Many of these applications maintain a rating system that allows drivers and passengers to rate each other after the trip is completed (Rayle, Shaheen, Chan, Dai, & Cervero, 2014).

Kenya has witnessed the era of digital revolution that has contributed to the fast growth of information and communications technology (ICT) affecting all stakeholders including users, operators, and the government (Mureithi, Ndemo, & Weiss, 2017). Several internet companies have set up shop, including the ride hailing apps which have been welcomed by consumer bodies and residents in Nairobi (Wesangula, 2016). The digital taxi space has experienced an increase in innovations ever since the arrival of Uber in 2015 followed by Taxify; the Estonian app and Mondo Ride; the Dubai Based app (Kumar, 2016). Local based firms such as Safaricom also entered the fray through Little Cab and Sendy. Senga, a Kenyan startup was launched in public beta, also entered the fray to offer an on-demand platform linking shippers and transporters of goods (Njanja, 2016).

The increased innovations within the digital taxi space has brought about rivalry among the ride hailing apps within the industry leading to the delivery of low-priced and dependable transport preferences, along with varieties of fresh promos and IT product offerings (Bright, 2016). The rivalry among the ride hailing apps has forced them to aggressively innovate to maintain the grip in the battle of attracting more customers to use their app (Wesangula, 2016). Herbling (2016), indicates the innovations pursued by the key players in the lucrative but chaotic ride hailing space are geared towards not only lowering fares to woo passengers but also offering value to customer.
The players in the Kenya ride hailing space are facing the pressure to offer value to customers by expanding their services through additional benefits like the free WI-FI provided by Little Cab to its customers (Design Your World, 2016). This requires the ride hailing apps to differentiate themselves by looking at what they are offering with bundled services in their vehicles and offer greater value to their customers (Bright, 2016). Oloo (2016), remarks the ride hailing apps have to constantly add value to customers as a result the stiff competition to gain market share that has been brought about by aggressive counters among the key players on the product options that find high traction in the market. Bright further notes, the winner in the ongoing market share wars have been the Nairobi residents due to the concurrent price reductions and service expansion.

1.2 Statement of the Problem
Organizations set out to achieve competitive advantage in their day to day activities subsequently gaining economic success (Hana, 2013). This success is achieved when the economic value created is grander than that of its competitors, if it is equivalent to the competitors, the organization is said to have competitive parity, and if it is subordinate than its competing organizations it is deemed to have a competitive disadvantage (Sabol & Sverer, 2016). Moreover, an organization will gain competitive advantage when their target market customers perceive their products or services to be better than those of its competitors (Dash, 2013). However, as highlighted by Hana, there is need for companies to outdo competition and attract new customers through innovation with heavy reliance on the top management’s support to gain competitive advantage.

This study sought to establish how the various ride hailing apps are innovating to achieve economic success by attracting customers through creation of greater economic value. Research has been conducted on the ride hailing apps focusing on the significance and disruption in several countries across America and China to provide discernments into the nature and dynamics of competition within this industry (Lee, 2017). In Africa various reports have been published depicting the current state of ride hailing apps in Africa and the emerging rivalry in the ride-sharing economy among the 56 ridesharing services in Africa (Oreva, 2016).
In Kenya very, studies have been carried out on the ride hailing apps due to the recent entry of the companies into the Kenyan market. A topical study carried out by Onyango, (2016) concentrates on the adoption of ride hailing applications and the competitiveness of the app-based taxi operators in Nairobi, Kenya. This study investigated the relation between e-application adoption and the competitiveness of an organization. Nonetheless, it did not address how the various ride hailing companies have adopted the competitive advantage strategy to attract customers to use their apps instead of their competitors which will be the case in this study. The study by Ang’asa, (2017), investigated the competitive strategies adopted by the ride hailing companies in Nairobi to sustain competitive advantage in the taxi industry. It sought out to identify the competitive strategies the various ride hailing service providers employ in Nairobi and the effect it has on the competitive advantage attained within the ride hailing sector. Just like Onyango’s study, this study didn’t address how the competitive strategies adopted by the various ride hailing apps have influenced customer attraction to their apps.

1.3 Purpose of the Study
The purpose of this study was to establish the influence of competitive advantage on attracting customers to a ride hailing app basing on USIU-Africa students.

1.4 Research Questions
The following research questions guided the study:
1.4.1. To what extent does cost leadership influence customer attraction to a ride hailing app?
1.4.2. What is the effect of differentiation on customer attraction to a ride hailing app?
1.4.3. How does focus influence customer attraction to a ride hailing app?

1.6 Significance of the Study
The study aimed at providing valuable info that may prove essential to the following stakeholders:

1.6.1 Researchers and Academicians
The research is aimed at contributing considerably to the body of knowledge on the effect of competitive advantage on attracting customers to a ride hailing app within Nairobi
County. The study has provided acumen by investigating the pursuit of the various ride-hailing service apps to gain competitive advantages which translates to customer attraction and equates to economic success. The references used will also be of importance to scholars for further reading.

1.6.2 Ride Hailing Companies
The study will offer additional information to the management of the ride hailing companies by providing the perception that the target market customers have on their apps. The results will be beneficial in their strategic planning and development which they can use to improve their services to gain competitive advantage as well as market share.

1.6.3 Policy Makers and Regulators
Policy makers and regulators in the transport industry will benefit from this study as they will be enlightened on the ride hailing services. This will enable them to make informed decision when developing policies to improve the industry as well as solve challenges driving the Kenyan government’s vision of 2030.

1.7 Scope of the Study
The geographical scope of this study was limited to Nairobi County which has been the setup base for new entrants into the Kenyan Market for the ride hailing apps. This has been attributed by the huge market which has an estimated population of about 3.1 Million creating a base that can house at least 20 competitive ride hailing apps (Jackson, 2015). The industry has been getting busy ever since the entry of Uber; the first ride hailing app into the market in 2015 recording100, 000 hits a month (Bright, 2016). Little cab on the other handset up shop in 2016 and was recording 10, 000 rides a day one year down the line (Africanews, 2017). The population considered for this study was limited to USIU-Africa students who were session in Summer 2018. They come from various parts of Nairobi County and tend to use the ride hailing apps frequently.
1.8 Definitions of Terms

1.8.1 Competitive Advantage
It refers to the way an organization utilizes its resources and capabilities to create value through strategy that their competitors will find it very difficult to imitate (Rasiah, Kanagasundram, & Lee, 2013).

1.8.2 Customer Attraction
It denotes a stage that entails informing the customers on the value proposition offered by the organization hence drawing them to use its products (Doligalski, 2014).

1.8.3 Ride Hailing Apps
These are smartphone applications that connect drivers with riders by communicating the rider’s location to the drivers via GPS (Rayle, Shaheen, Chan, Dai, & Cervero, 2014).

1.8.4 Cost Leadership Strategy
It focuses on gaining competitive advantage through emphasis on production of standardized products at very low cost compared to competitors to attract the price-sensitive customers (Scheele, 2014).

1.8.5 Differentiation Strategy
It involves seeking to gain an advantage over other players within an industry by distinguishing products attributes to establish eminence in a wide market scope (Shilbury, Westerbeek, Quick, Funk & Karg, 2014).

1.8.6 Focus Strategy
It entails gaining a competitive advantage either through cost leadership or differentiation tactic in a niche or narrow market (Shilbury, Westerbeek, Quick, Funk, & Karg, 2014).

1.9 Chapter Summary
This chapter has provided a background elaborating on competitive advantage, customer attraction and e-hailing apps while adopting the funnel approach. Furthermore, the research questions related to effect of competitive advantage on customer attraction to ride hailing apps have been depicted. The scope and the importance of carrying out the study have also been shown. Chapter two will cover the literature review in relation to the
research questions then chapter three will give details on the methodology to be used. Chapter four provides the findings, while Chapter five contains the summary of the findings, discussions, conclusion and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter analyses literature on competitive advantage highlighting the effects it has on customer attraction. It is categorized into the three research questions; cost leadership, differentiation and focus strategy. Literature per research question is examined to show how each helps to achieve competitive advantage to attract customers.

2.2 Influence of Cost Leadership on Customer Attraction

Cost leadership is a strategy that emphasizes on a firm gaining competitive advantage by having the lowest cost in the industry through pursuit of economies of scale, proprietary technology and access to raw materials (Arasa & Gathinji, 2014). It is based on achieving operational efficiency by adopting different resource allocation methods such as benchmarking, cost reduction, large-scale facilities, process improvements and overhead control (Banker, Mashruwala, & Tripathy, 2014). The strategy entails attracting customers to win the majority market share in the industry by either having the lowest price to value ratio or the lowest prices in the target market segment (Nyauncho & Nyamweya, 2017).

Cost Leadership has been defined by several authors. Hilman and Kaliappen (2014), defines cost leadership as one of the generic approaches to competitive advantage that employs numerous activities like demand forecasting, economies of scale, high capacity utilization, learning curve, outsourcing and technology advancement to achieve competitive advantage by means of having the lowest cost within the industry. Garg, Priem, and Rashe, (2013) also define cost leadership as a generic strategy that is based on a set of functional policies aimed at aggressively lowering costs in the industry by means of intense supervision of labor, a low-cost distribution system, process engineering skills, products designed for ease of manufacture and a sustained capital investment. Teeratansirikool, Badir and Charoennngam (2013), describe cost leadership as a cohesive set of activities related to organizational performance pursued to produce goods and services sold to customers at the lowermost cost compared to competitors in the industry to achieve competitive advantage. Therefore, cost leadership entails managing organizational activities to become the industry leader in producing the lowest priced products to attract as many customers as possible.
Producing the lowest goods and services in a market focuses on a firm’s ability to set the lowest price of their products thru production of standard goods and services aimed at attracting the price sensitive customers (Hardjito, 2015). Placing a premium on operational efficiency in the production of standard goods and services ensures there is control in every expense ensuring the firm has the lowest cost structures within the industry (Jeong, Lee, & Kim, 2017). The low-cost structures in a firm are dependent on variables that drive a company within a specific industry to reach the bottommost cost in the industry and achieve the cost leadership position (Bertozzi et al. 2017).

Drivers of cost leadership strategy have been defined by various authors who have attributed them as variables that determine its success and sustainability. Tanwar (2013), notes that an efficacious cost leadership strategy involves a significant market share advantage, preferential access to raw materials as well as important component or input such as inexpensive labor to reduce the easiness of competitors mimicking the strategy. Banker et al. (2014), indicates: cost efficiency, economies of scale and capitalizing on learning effects as the drivers of a successful cost leadership strategy which are built on history, uncertainty, or socially complex resources and capabilities. Kubai and Waiganjo (2014) describes a firms capabilities as a driver of cost leadership which enables innovation, efficiency, quality and most importantly customer attraction thus positioning the firm at a cost advantage thru delivering the same benefit as competitors but at a lower cost. In this study: pursuit of economies of scale, proprietary technology and access to raw material, will be discussed as the three sources of cost leadership that results to customers attraction.

2.2.1 Pursuit of Economies of Scale

Economies of scale are returns of cumulative production factors that enable a firm to form competitive advantages in decreasing average fixed costs equating to a falling long-run average cost function (Ariffin, Sulaiman, Mohammad, & Yaman, 2016). It exists when the volume of output increases while the average cost per unit decreases (Besanko, Dranove, & Schaefer, 2012). For instance, a company producing widgets using only one input (labor) will double its output if the input of labor is increased and subsequently the average amount of labor required per widget will decrease as the output increases (Krugman, Maurice, & Melitz, 2014). Once a firm realizes economies of scale, prices are
reduced as an effect of low costs consequently attracting more customers because of efficiencies created by larger operations (Council Of Economic Advisers, 2016).

Several authors have defined the two main kinds of economies of scale as external and internal. Krugman, Maurice and Melitz (2014) distinguishes external economies of scale, which arises when the cost per unit of output relies on the size of the industry from internal economies of scale, which arises when the cost per unit of output relies on the size of a firm. Turok and McGranahan (2013), also differentiates the external aspect of economies of scale that enables a firm to gain benefits from being close to other firms in the industry due to reduced transaction costs from the internal aspect of economies of scale that relates to the lower unit costs resulting to larger-scale production. Additionally, Rivera, Sheff and Welsch (2014) discusses external economies of scale as a subsequent of multiple firms within an industry agglomerating geographically as opposed to internal economies of scale where a single firm enlarges its production.

Internal economies of scale are interior to the firm and relay to the efficiencies or lower unit costs that are as an outcome of a larger-scale production (Turok & McGranahan, 2013). Firms attain internal economies of scale through efficient use of specialized knowledge and expertise within the internal structure (Ariffin, Sulaiman, Mohammad, & Yaman, 2016). Similarly, increase in internal efficiency results to attaining scale economies through cooperation networks (Camagni, Capello, & Caragliu, 2014). The levels of returns that a firm would enjoy are determined by the level of resource utilization which includes: technology, labor, capital and the production system (Nikiforos, 2013). Apart from the internal economies of scale there are the external economies which apply to the overall economic activity within a specific industry.

External economies of scale are a subsequent of several firms agglomerating geographically to bring about either urbanization which arise from several firms in different industries concentrating in the same region or localization which ascend from several firms in one industry concentrating in the same region (Rivera, Sheff, & Welsch, 2014). The benefits that arise from firms agglomerating geographically include; efficient production due to advantages of specialization, economies of large scale operation,
common infrastructural facilities, and rapid overall development of the economy (Mitra, 2014).

2.2.2 Proprietary Technology

Proprietary technologies take in equipment, ideas and resources that are developed internally by firms to circumvent duplication thus playing avital role in attaining competitive advantage (Jina, Vonderembseb, & Ragu-Nathan, 2013). Firms can utilize proprietary technology to attain competitive advantage by producing the most efficient products or services in the market and selling it at a low price (Sterman, 2014). Product and process innovation paves way for firms to produce effectual products and services resulting to superior business performance (Almor, 2014).

Product innovation constitutes the attainment of new technological knowledge through the development of new products or in the enhancement of existing ones (Martín-de Castro, Delgado-Verde, Navas-López, & Cruz-González, 2013). It enables firms to open new markets by changing the rules of the game in the industry (Lew & Sinkovics, 2013). Grant (2016), describes product innovation as the procedure of designing products for ease of production to offer significant cost savings to the firm. Grant supplements his description by giving an example of Motel 6, the cost leader of US budget motels. Motel 6 has carefully designed its products to keep functioning at low cost by occupying inexpensive out of town locations, adopting standard motel designs, designing rooms to enable easy cleaning and maintenance and also avoiding facilitites such as restaurants and pools.

Process innovation refers to the execution of a new or significantly enhanced production or delivery method that comprises of substantial changes in techniques, equipment and software (Atalay, Anafarta, & Sarvan, 2013). Shortening of the production time and speeding up of new product development in comparison to competitors is enabled through innovation of processes (Hana, 2013). Grant (2016), explicates that when process innovation is embodied in new capital equipment, the outcome is superior processes that are a huge source of cost economies. Grant backups his explanation by giving an example of Dell’s cost leadership in personal computer during the 1990s which was a consequence of reconfiguring the industry traditional value chain.
2.2.4 Preferential Access to Raw Materials

One of the key variables that drive the success of the cost leadership strategy is the preferential access to raw materials that allows firms to keep the costs at the minimum probable level making it very difficult for competitors to imitate (Tanwar, 2013). In addition, for a firm to reduce diseconomies of scale and logistics it is essential to establish an efficient supply chain capitalizing on preferential access to raw materials (Dansereau, El-Halwagi, Chambost, & Stuart, 2015). Maintaining the cost leadership position entails having a superior source of raw materials to reduce lead time and avoid delays involved in the procuring process (Samarasinghe, Ariadurai, & Perera, 2015). Therefore, with preferential access to raw materials firms can attain a cost advantage position that allows them to make above average returns as well as command price in the market (Atikiya, 2015).

Preferential access to raw materials is highly dependent on various factors. Proximity to the raw materials from suppliers is one of the factors that deliver a quick turnaround time in the procuring process (Atikiya, 2015). Properly planned and programmed lead-times is another factor that enables firms to reconcile low cost with high quality as well as technological progressiveness offering a substantial opportunity for developing cost advantage (Samarasinghe et al. 2015). Very efficient procuring logistics and lower cost base of raw materials compared to those of competitors gives firms an opportunity to reduce the cost of its products positing it as a cost leader in the market (Fathali, 2016). The government can be considered as a major contributor to a firm gaining access to raw materials. For instance, South Korea has been successful in promoting cost-effectiveness in local firms by supplying EPZ factories preferential access to intermediate and raw materials (Bräutigam & Tang, 2014). With preferential access to raw material the gap amid the unit price and the unit cost widens, providing a greater cost advantage to firms in the specified markets (Mishra, 2015).

There are numerous benefits that a firm stands to gain from preferential access to raw materials that consequently builds up to cost advantage. An efficient supply chain is one of the gains and it result to a higher volume production without increasing the unit cost (Dansereau, El-Halwagi, Chambost, & Stuart, 2014). The aptitude to square low cost with high quality and technological modernism is another gain which is well experienced with
Japanese companies in consumer goods industries such as consumer electronics, cars, motorcycles, and musical instruments (Atikiya, 2015). One more benefit includes operational excellence on the procuring side that results from significant investments in raw materials including preferential access (Wu, Gao, & Gu, 2015).

2.3 Influence of Differentiation on Customer Attraction

Differentiation is the act of designing a set of meaningful modifications to distinguish the company's offerings from that of the competitors with the objective of retaining existing customers as well as attracting new ones (Semuel, Siagian, & Octavia, 2017). A firm can differentiate itself by being unique in the industry along the dimensions of its product or service that is widely valued by customers because their needs are satisfied (Tanwar, 2013). Mutongi & Chiwanza (2016) state that when an organization distinguishes its products from all other players in the industry, it is deemed to be employing differentiation strategy by capitalizing on competitive advantage. Companies with this strategy tend to create unique products that are valued by customers to allow a price premium that translates to profit margin with emphasis on product design, the supply chain and the marketing approach (Kinyuira, 2014).

Differentiation has been defined by various writers. Bertozzi et al. (2017), define differentiation as one of the generic approaches to competitive advantage that entails the production of unique products or service to set a firm's offerings apart from those of competitors within the industry thus attracting customer with exquisite taste or with a peculiar knowledge on subject. Isfahan and Yaghoobi (2014), also define differentiation as the ability of a firm to offer unique and superior value to the customers thru specific features of a product or service after the sale with the objective of attracting customers who concentrate on the brand and are insensitive to high prices. Hales and Mclarney (2017), describes differentiation as a channel used by firms to achieve competitive advantage by offering unmatched products or services that deliver superior value to a wide range of customers who in return pay higher prices that positions a firm to earn higher returns enabling it to outdo the competition within the industry. Therefore, differentiation strategy entails seeking distinction in the industry thru superior products and brands to attract a broad spectrum of customers and achieve competitive advantage.
Means of achieving competitive advantage through differentiation is a journey rather than destination, therefore there are various courses explained by different authors on how firms can achieve this strategy. Yang, Sonmez, Li and Duan (2014), notes that an effective differentiation strategy attracts customers, creates fulfilment and boosts brand performance by means of innovative technology, superior quality as well as brand image. Mnjlala (2014), indicates the key aspects of differentiation strategy includes uniqueness in product, brand as well as technology enabling firms to produce goods and services that competitors are not yet offering or are not able to copy. Chege and Bula (2015) indicate research and development is the gateway for firms to achieve differentiation strategy and attract customers by developing the most unique products in the industry that utmost satisfies their needs. In this study: product differentiation, the supply chain differentiation and the marketing approach will be conversed as the drivers of the differentiation strategy that results to attracting customers.

2.3.1 Product Differentiation

Becerra, Santaló and Silva (2013), viewed product differentiation as one of the ways for firms to rise above competitors and obtain superior performance. It occurs when a firm pursues competitive advantage to increase the perceived value of its products comparative to the perceived value of other firm's products (Nolega, Oloko, William, & Oteki, 2015). New product attributes are added to differentiate a firm’s products from those of competitors to attract customers by providing them with a greater brand choice (Grundvag, Larsen, & Young, 2014). Various scholars have reviewed product differentiation based on the distinction between vertical and horizontal differentiation.

Vertical differentiation offers variance by conversing status or indicating one’s superiority to others in a group whereas horizontal differentiation offers variance through the expression of personality, taste, and traits (Dommer, Swaminathan, & Ahluwalia, 2013). Silva (2015) illustrate their distinction by describing vertical differentiation as a process entailing a firm making its products more attractive to all customers while horizontal differentiation as a process entailing a firm making its products more attractive to some customers and less attractive to others. In competition; horizontal differentiation is experienced during the early stages of industry development whereas vertical differentiation is experienced as the industry matures with new entrants having an upper
hand in beating incumbents (Becerra, Santaló, & Silva, 2013). From this perspective; vertical differentiation is about a firm being the preferred option to all customers while horizontal differentiation is about a firm being different to a customer segment.

Vertical differentiation refers to a firm moving to a superior position in the industry by improving some product features without deteriorating any and in a costly manner increasing both the customers’ willingness to pay and the firm’s variable cost (Makadok & Ross, 2013). In the occasion of vertical differentiation where available products are offered at an equal price; all customers will settle for these products in a preference ranking as the competition shapes up to only one dimension with the most differentiated firm providing the highest level of such a dimension in the industry (Becerra, Santaló, & Silva, 2013). Consumers are presumed to want higher quality, although they may differ in their willingness to pay for quality improvements and as such firms are able to increase prices and subsequently the economic value (Silva, 2015).

Horizontal differentiation is primarily based on a product’s qualities and it refers to a scenario where two firms in an industry are competing in a market where customers differ on their level of a product attribute (Makadok & Ross, 2013). Firms obtain different market shares in pursuit of horizontal differentiation despite selling all products at an equal price due to the unique combination of product attributes that are preferred by one specific set of customers with similar needs thus limiting the degree of substitutability among competing firms (Becerra, Santaló, & Silva, 2013). Consumers are reputed to have different preferences regarding the attributes of a given firm or product; thus, even if products are offered at the same price, each will have a positive market share (Silva, 2015).

2.3.2 The Supply Chain Differentiation

Various scholars have studied the various elements of supply chain illustrating how each brings about differentiation to deliver competitive advantage. Estampe, Lamouri, Paris and Djelloul (2013), explicates how supply chain is one of the key element in a firm’s competitiveness viewed as the keystone of the differentiation strategy that involves assimilating all important operative processes at any level between the final users and original suppliers to offer supplementary value to customers and other stakeholders.
Blome, Schoenherr and Rexhausen (2013) denotes supply agility which refers to a firm’s ability to effectively and quickly respond to changes in its environment in conjunction with its key suppliers and customers, as a source of competitive differentiation. Huo, Qi, Wang and Zhao (2014) describes how supply chain integration aids firms to reconfigure their resources and capabilities internally and externally to merge their supply chain to improve performance and gain competitive advantage through differentiation.

In this study the literature analysis will focus on supply chain integration. It refers to the degree at which a firm tactically joins forces with its supply chain partners and collaboratively thru external integration as well as internal integration (Huo, Qi, Wang, & Zhao, 2014). Supply chain integration can be viewed as a strategic resource that leads to competitive advantage through differentiation by developing unique capability and excelling in integrating with firms in the supply chain (Leuschner, Roger, & Charvet, 2013). Huo et al. (2014), identify the components of supply chain integration as a process and product integration which are effective in improving a firm’s performance attributing to competitive advantagte through differentiation.

Product integration denotes the involvement of suppliers and customers in the development of new products and purposes to support such development through close relations with the supply chain partners (Huo, Qi, Wang, & Zhao, 2014). It is also referred to as external integration which involves the strategic alignment of information distribution, business processes and collaboration with suppliers and customers (Wong, Wong, & Boon-itt, 2013). The advantage of product integration is primarily streamlining business processes with the goal of meeting customer demand through new product formation and innovation (Blackhurst, Cantor, & Crum, 2015).

Process integration refers to the creation of collective and harmonized processes with suppliers and customers with the objective of supporting product making and delivery (Huo et al. (2014). It is also denoted as internal integration which includes working collaboratively to improve the ability of firms to exploit and synchronize internal resources by eliminating functional barriers and encouraging collaboration amid internal functions Wong et al. (2013). The benefit that comes with process integration includes unifying the departments along a single goal by preventing internal departments from
forming pockets of power that will impair other departments, reducing costs, creating efficiencies and eliminating redundancies Blackhurst et al. (2015).

2.3.3 The Marketing Approach

Marketing differentiation points towards making a unique image for a product via advertising, promotions and prestige pricing (Rashidirad, Soltani, & Syed, 2013). Firms that embark on market differentiation lay emphasis on creating superior brands through rigorous promotion efforts (Tian & Slocum, 2013). Phadtare (2014), describes the differentiated marketing strategy as a scenario where a firm opts to acknowledge and act on the heterogeneity of the market it is operating in resulting to having a fully satisfied and loyal customer base. Thus marketing differentiation entails creating a distinction in the industry through rigorous promotional activities about the superiority of a firm’s products.

The focus on marketing differentiation lies on building brands through rigorous marketing efforts (Balodi, 2014). These efforts cannot be easily imitated by other competitors in the industry thus enabling the firm to earn price premiums owing to the superior brand that attracts customers (Banker et al. 2014). Xiaowen and Slocum also notes that attention is paid to creating unique marketing efforts on the respective products, line and brand extensions exploiting the innovativeness of each to create a superior brand that is inimitable. Innovation in marketing techniques namely: brand identification, advertising and channels of distribution with emphasize on outside-in variables rather than inside-in variables builds up to an efficacious marketing differentiation strategy retaining existing customers as well as attracting new ones (Rashidirad, Salimia, Soltan, & Fazeli, 2017).

Customer attraction through marketing differentiation can be achieved in various ways as described in various studies. Giving each customer a unique consumption experience by means of product personalization is defined as a market differentiation strategy aimed at meeting their unique needs and wants for keeping them satisfied at a profit (Wali & Opara, 2013). A good brand identity is another approach used by firms to attain market differentiation. This approach attracts new customers by emphasizing on the superior advantages a firm has over other competitors in the industry thus creating a superior perception in the market (Sebolao & Mburu, 2017). Similarly, brand identification tactics
have been linked to differentiation strategy by creating a positive reputation of the firm’s product and providing high specialty for high price market segments products resulting to a high perceived value of a firm’s products (Vera, 2016).

2.4 Influence of Focus on Customer Attraction

Focus denotes creation of products and services to fulfil the needs of specific groups of consumers with the objective of enjoying a high degree of customer loyalty which is a consequence of attracting more customers while discouraging other firms from competing directly (Maina & Oloko, 2016). It occurs when a firm pursues a narrow competitive scope, selects a segment or a group of segments within the industry and modifies its strategy to serve them to the segregation of others (Tanwar, 2013). Arasa and Gathinji (2014), describes focus as a strategy that is concentrated on implementing narrow competitive scope in a niche market which arise from geography, buyer characteristics, and product specifications or requirements. This strategy is about concentrating on a set of customers, geographic areas or a segment of the market to serve that specific target very well (Tansey, Spillaneb, & Meng, 2014). Companies aim at serving customers in a narrow market segment either through low cost or differentiation to attract more customers and achieve a competitive edge over other players in the industry (Pulaj, Kume, & Cipi, 2015).

Maina and Oloko (2016), distinguishes the two focus strategies by indicating that the low-cost focus strategy aims at offering products or services to a niche group of customers at the lowest price available in the market while the differentiation strategy aims at offering a niche group of customers products or services that meet their needs better than rivals’ products do. Correspondingly as indicated by Tansey et al. (2014), low cost focus purposes to serve customers better through operational efficiencies or marketing activities while differentiation focus purposes to serve customers better by providing superior products and services within the niche Market. Therefore, cost focus approach is employed by firms seeking a lesser cost advantage in the narrow market segments while the differentiation is employed by firms seeking to distinguish their products within the narrow market (Kiragu, 2014).
On the other hand, cost and differentiation focused strategies share similarities. Both variants concentrate on target segments which must either have customers with unique needs or a delivery system that is out of the ordinary from the rest of the other systems within the industry (Tanwar, 2013). Salavou (2015), also indicates that the two strategy variants serve a segment that is specialized in terms of inadequate geographic market with a segment of customer with unique needs which represents a narrow range of products, and doing so more efficiently, effectively and better than competitors serving the broader market. Thus, firms following a focus strategy can protect their niche market by either through low cost focus approach that emphasizes on product quality and branding or differentiation focus approach that emphasis on offering higher products or services than the average price (Bader, 2014).

A couple of authors have highlighted the necessary requirements for the focus strategy to secure competitive advantage based on either low cost or differentiation. Pulaj et al. (2015), outline the following requirements: the industry needs to have extremely diverse target segments to allow firms to select a competitively attractive niche suitable to its strengths and competences, the target niche should have great potential to generate profit and the products offered to the customers in the niche market should be very difficult to imitate. Peng (2013), indicates that possession of intimate knowledge about a niche market and extreme unique needs of customers in the targeted niche are crucial for a firms to gain competitive advantage through the focus strategy. Hence, the success of this strategy is dependent on the customers’ distinct preferences, existence of a large industry segment with a good growth potential and a niche that has not been pursued by rivals (Arasa et al., 2014). In this study: low cost and differentiation focus will be discussed as the key variables to secure competitive advantage through focus strategy.

2.4.1 Low Cost Focus
Low cost focus is a fusion of focus and strategy trailed by firms that intend to attain operational efficiency while also converging on specific niche aspects of the product or service presented to the customers (Bertozzi, Ali, & Gul, 2017). It exploits differences in cost behavior within the targeted segment which must have customers with unusual needs with the aim of securing a competitive edge within the target segment (Tanwar, 2013). Firms pursuing this strategy offer exclusive low prices, incredible discounts only to the
targeted customers who will find the products extremely relevant to their needs (Faziljanovna & GAO, 2016). This strategy works well when a firm is able significantly lower cost to the well-defined targeted customers eventually becoming the cost leader in the niche market (Singh, 2014).

The nature of products driven by the low-cost focused strategy is very definite to the customers’ needs and wants thus more attention is paid to the product features and requirements (Rizea, 2015). Firms tailor make products to meet the unique low-cost needs of customers in the niche market who are not properly served by the broad-targeted customers (Ofunya, 2013). Rizea also indicates that the pricing assumes the lowest cost in the niche market for instance, Ryan Air concentrates on very cost sensitive commercial travelers by offering flights at the lowest prices in the niche market. Thus, the product will be basic possibly alike to the one from the market leader which is highly priced and featured but then it will be satisfactory to customers in the niche market (Kiragu, 2014).

Low cost focus involves firms taking the lead in offering the lowest price to the target customers and becoming the market leaders within the niche market (Bader, 2014). Serving the niche market requires a firm to limit its competitive scope in addition to tailoring its products, processes and capabilities to satisfy the unique needs of customers for lowly priced products (Lam, Ho, & Law, 2015). The lowly priced product offering is the gateway for a firm to outdo competition in the niche and attract more customers hence gaining competitive advantage (Alstete, 2014). Therefore, the low-cost focus entails concentrating on attracting specific customers who are extremely price sensitive for instance, a hotel operator in any part of the world can compete on a low-cost basis in a niche segment based on a modern, comfortable but not luxurious hotel located in a popular and convenient location appearing to offer good value to the extreme cost-conscious customers (Cheng, 2013).

Customers attracted thru the low-cost focus approach poses the following characteristics. They are extremely price conscious yet they have unique needs which are not met in the mass markets, for instance insurance packages offered to self-employed people or the unbanked population requires specialization but at a very low price (Rizea,
Likewise, these customers are attracted to firms that are willing to satisfy their specialized requirements offered at a lower cost compared to equivalent products in the mass market (Kyengo, Ombui, & Iravo, 2016). Subsequently the income levels of customers within the low-cost niche tend to be low hence; firms in pursuit of this strategy need to offer products that are less costly than the rest of the market to effectively match the needs of these customers (Gituku & Kagiri, 2015).

Consequently, this strategy will work well with customers who are extremely cost-conscious and are part of a specific group of the population and in some scenarios from a specific ethnic minority and geographical location for instance, the McDonald’s customers in Philippines are able to get rice and chicken at a low cost compared to the traditional hamburgers and French fries served by McDonalds (Bertozzi et al., 2017). In addition, the concentrated focus paid by firms in meeting the customers’ unique needs of very low-priced products keeps on attracting them such that the firm starts benefiting from entrenched customer loyalty which finally results to competitive advantage (Arasa et al., 2014).

2.4.2 Differentiation Focus
Differentiation focus has been defined as a concentrated approach based on creating variance by offering the niche customers the products that they remark as well-suited to satisfy their own unique preferences and tastes (Mutongi & Chiwanza, 2016). A firm pursuing differentiation focus exploits the special needs of customers in the niche segment and ensures the production and delivery system best serves them (Tanwar, 2013). For firms to meet the special needs of niche customers they embark on producing exquisite products or high-quality services as well as delivering unmatched products or services in the industry (Bertozzi, Ali, & Gul, 2017).

The nature of products driven by the differentiation focused strategy is based on the perceived value which is very unique and sophisticated to meet the customers’ individual and specific requirements (Rizea, 2015). The sophistication and uniqueness of these products allows firms to pass the higher costs on to the customers as close substitute products are not readily available (Arasa & Gathinji, 2014). Rizea also indicates that these products are extremely custom-made, specialized, very rare and unique positioning them
as high end in the niche market for instance, the luxury cars like the Austin Martin and Maserati. Hence, the product is evidently unlike to the ones produced by competitors targeting the broader market segment to meet the special needs of customers in the niche market (Kiragu, 2014).

Differentiation focus entails firms taking the lead in offering the most unique products to the target customers and becoming the market leaders within the niche market (Bader, 2014). Serving the niche market requires a firm to limit its competitive scope in addition to tailoring its products, processes and capabilities to satisfy the unique needs of customers for highly differentiated products (Lam, Ho, & Law, 2015). A product offering that satisfies the tastes and preferences of the customers better than that of other firms within the niche is the gateway for a firm to outdo competition and attract more customers hence gaining competitive advantage (Alstete, 2014). Therefore, the differentiation cost focus entails concentrating on attracting specific customers who prioritize on the satisfying their tastes and preferences irrespective of the price for instance, customers who buy organic food they concentrate on eating healthy and they are ready to cater for the high cost (Marian, Chrysochou, Krystallis, & Thøgersen, 2014).

Customers attracted thru the differentiation focus approach poses the following characteristics. They have very explicit and distinct needs to be met which they are willing to pay for high price charged due to the uniqueness and sophistication of the product, for instance the engagements rings (Rizea, 2015). Likewise, these customers are attracted to firms that offer products of more superior value compared to equivalent products in the mass market to satisfy their exquisite taste and preferences (Kyengo, Ombui, & Iravo, 2016). Subsequently the income levels of customers within the differentiation niche tend to be high hence, firms in pursuit of this strategy need to offer highly differentiated tailor-made products that are costly than the rest of the market to meet the sophisticated needs of these customers (Gituku & Kagiri, 2015).

Consequently, this strategy will work well with customers seeking the best value and for certain scenarios inimitability in specialty products and services which come at a high price which they don’t mind paying for instance, Rolex charges exorbitant price for its exquisite luxury fine watches that contain gold and diamonds to its significantly small
customer base that don’t mind the price (Bertozzi et al., 2017). In addition, the concentrated focus paid by firms in meeting the customers unique needs of premium products leads up to customer stickiness due to the constant attraction to use the firm’s product and subsequently customer loyalty which finally results to competitive advantage (Arasa et al., 2014).

2.5 Chapter Summary
This chapter analyses literature review on the impact of competitive advantage on customer attraction focusing the specific objectives of this research. In cost leadership: pursuit of economies of scale, proprietary technology and preferential access to raw materials was discussed. Under the differentiation strategy: product differentiation, the supply chain differentiation and the marketing approach was discussed. In the focus strategy: low cost focus and differentiation focus was discussed. The next chapter provides the research design and methodology used in collecting the data.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a methodology that was used to collect and analyse data for this study. It outlines the research approach that was adopted depicting its relevance to understanding the theory of this study. In addition, it provides a description of the data collection tools that were used as well as the methods of measuring and presenting the data to meet the objectives of this study.

3.2 Research Design

A research design is the theoretical structure within which a study is conducted constituting of the framework for the generation of evidence that is well-matched to a certain set of the research question (Bryman & Bell, 2015). The research objective, the type of research questions as well as the accessibility of data plus the time constraints are key determinants in the selecting the type of research design to be adopted (Sekaran & Bougie, 2016). The kinds of research design as indicated by Creswell (2014) include qualitative, quantitative and mixed approach which spans the comprehensive means of data collection, analysis and interpretation.

This study adopted the descriptive research design which is intended to get data that defines the characteristics of the topic of interest, measuring the features described in the research questions (Hair, 2015). It is characterized by the prior formulation of the hypotheses requiring clear specification of the six Ws of the research question which includes what, when, where, who, why and way (Rios, 2016). This design is appropriate for this study as it enables analysis of the relationship between the competitive advantage and customer attraction in addition to determining the frequencies and percentages of the study variables in the defined population (Bryman & Bell, 2015). In this study the independent variable is the competitive advantage which includes cost leadership, differentiation and focus while the dependent variable is customer attraction.
3.3 Population and Sampling Design

3.3.1 Target Population

Population is the entire number of individuals, events, incidences and phenomena with certain mutual observable features (Creswell, 2014). The population has also been defined as the aggregate of all elements that share some mutual set of characteristics (Ríos, 2016). The elements in a population can be people, churches, schools, hospitals and so on forming a universe with a common set of characteristics (Hair, 2015). The population for this study encompassed all students enrolled at the United States University (USIU)-Africa as provided in table 3.1.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>5,098</td>
<td>75</td>
</tr>
<tr>
<td>Master’s Students</td>
<td>1,543</td>
<td>23</td>
</tr>
<tr>
<td>Doctorate</td>
<td>122</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,763</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: USIU-Africa, 2018

3.3.2 Sampling Design

Sampling design denotes the means of choosing primary unit for data collection and analysis which are suitable for a precise research question (Lameck, 2013). It requires the researcher to minimize the error that might occur by making inferences regarding the population parameters (Hair, 2015).

3.3.2.1 Sampling Frame

The sampling frame is a list of population elements from which the sample is selected and obtained once the scope of the population has been established (Vaus, 2013). In this study, the sampling frame was the list of all students obtained from registrar’s office.

3.3.2.2 Sampling Technique

Sampling techniques is a scientific or statistical method of selecting the sampling units
which can be categorized into probability and non-probability techniques (Ríos, 2016). The choice of a technique is dependent on the scale of measurement and the number of variables (Hair, 2015). This study employed the stratified sampling method to select the respondents for the study with the advantage of minimizing the cost and reducing the time for data collection. Taherdoost (2016), indicate stratified sampling involves dividing the population into strata (or subgroups) and selecting a random sample from each subgroup.

### 3.3.2.3 Sample Size

Sample size is an important consideration in both qualitative and quantitative research (Hair, 2015). It refers to the number of elements to be counted in the study which is determined through a series of complex and numerous qualitative and quantitative deliberations (Ríos, 2016).

A population size of 6,763 students and a sample size of 173 respondents were selected into the study. The sample size for the students in this study was determined using the formula below:

\[
n = \frac{N}{1 + N(e)^2}
\]

where:
- \( n \) = minimum size of the sample.
- \( N \) = is the total population in which the sample should be drawn (The population is 6,763).
- \( e \) = the error margins judged acceptable. Regarding this research, I consider \( e \) as equal to 7.5%.

\[
= \frac{6,763}{1 + 6,763(7.5\%)^2} = 173
\]

**Table 3.2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Population</th>
<th>%</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>5,098</td>
<td>75</td>
<td>130</td>
</tr>
<tr>
<td>Graduate</td>
<td>1,543</td>
<td>23</td>
<td>39</td>
</tr>
<tr>
<td>Doctorate</td>
<td>122</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,763</strong></td>
<td><strong>100</strong></td>
<td><strong>173</strong></td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods
In this study primary data was used with the questionnaire as the main research instrument. Taherdoost (2016) defines a questionnaire as a research instrument used to gather data and obtain relevant information in a reliable and valid manner. In this study the questionnaires comprised of closed-ended questions that ensured respondents were restricted to certain categories in their responses. It was categorized into four segments. The first section looked at the background of the respondents. The second, third and fourth section of the questionnaire looked at questions based on the research questions of this research employing the Likert scale rating. A letter to the respondents notifying them of privacy and use of the information they disseminated was attached to the questionnaire.

3.5 Research Procedure
Research procedure refers to the way an empirical study is designed and carried out to achieve a specific research objective (Bulmer, 2017). A few respondents were randomly selected to pre-test the questionnaire with the aim of testing the understanding of the questions which would then be revised to confirm clarity in delivering the purpose of the study. The objective of the pre-test is to authenticate the data collection tool. This study was conducted with the aid of a research assistant who was be used to allocate and gather the questionnaires through a drop and pick process. Respondents were encouraged to participate through follow-up calls and emails to ensure a high response rate.

3.6 Data Analysis Methods
Data collected was first checked for completeness before coding and formatting, thereafter it was analyzed using SPSS to obtain both descriptive and inferential statistics. Descriptive statistics included frequency, tables, charts, mean and standard deviation. On the other hand, inferential statistics included correlation, regression and ANOVA.

3.7 Chapter Summary
Chapter three has deliberated on the process that was adopted in carrying out the study. Research design, population and sampling design has been discoursed and how relevant they are in determining the influence of cost leadership, differentiation and focus strategies
on attracting customers to the ride hailing apps. Questionnaires were used to collect data from the respondent. SPSS Data Analysis tool was used to analyze the data. The next chapter presents the results of study based on three research questions as presented in chapter one.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the outcome of the investigation on the effect of competitive advantage on attracting USIU-Africa students to use the various ride hailing apps. The first section of the analysis illustrates the demographics of the population used in the study. Subsequently the findings on the effect of cost leadership, differentiation and focus on customer attraction are depicted in the second, third and fourth section respectively and after that a chapter summary is provided.

4.2 Response Rate and Background Information

In the sub-section, the response and respondents’ background are provided. It starts with response rate followed by background information of the responded.

4.2.1 Response Rate

Out of total of 160 students that received the questionnaire to participate in the survey, 131 completed resulting to a responsive rate of 81.88% as indicated in Table 4.1. This relatively high response rate was ascribed to the convenience offered in completing the survey at their own time.

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded/Filled</td>
<td>131</td>
<td>75.72</td>
</tr>
<tr>
<td>Non-Responded or Not Utilized</td>
<td>42</td>
<td>24.28</td>
</tr>
<tr>
<td>Total</td>
<td>173</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Background of Respondents

The findings of this study showcased primary data for the assessment of the effect of competitive advantage on customer attraction to ride hailing apps.
4.2.2.1 Gender
The study established 60 respondents representing 45.8% were female while 71 respondents representing 54.2% were male as represented in Figure 4.1. This indicates the university is rather cognizant about gender balance.

![Gender Pie Chart]

**Figure 4.1: Gender**

4.2.2.2 Current level of Education
From the survey findings on the current education levels of the students at USIU-Africa; 67.94% are undergraduates, 25.95% are graduate students while 6.11% are doctorate students as shown in the Figure 4.2.

![Current Level of Education Bar Chart]

**Figure 4.2: Current Level of Education**
4.2.2.3 Car Ownership
As indicated in table 4.2, it was established that most of the respondents didn’t own cars and this accounts for 65.6%, while those who owned cars were 34.4%. This implies that majority of the students who comprise of the undergraduate don’t own cars.

<table>
<thead>
<tr>
<th>Car Ownership</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>45</td>
<td>34.4</td>
<td>34.4</td>
</tr>
<tr>
<td>No</td>
<td>86</td>
<td>65.6</td>
<td>65.6</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.2.4 The Preferred Ride Hailing App
Figure 4.3 below shows the preferred ride hailing app by various students at USIU-Africa. From the findings, most of the respondents prefer Uber which accounts for 61.1%. Taxify, Little Cab and Sharecab account for 31.3%, 4.6% and 3.1% respectively.

![Figure 4.3: The Preferred Ride Hailing App](image)

4.2.2.5 Preference for Selected Ride Hailing App
Table 4.3 demonstrates that 48.9% of the respondents are attracted to the selected ride hailing app of choice because of low prices, 42.0% because of high quality and 9.1% because of special offers. This implies low prices are the main reason that attracts students at USIU-Africa to prefer a certain ride hailing app.
Table 4.3 Reasons why the Respondents Prefer the Selected Ride Hailing App

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Prices</td>
<td>64</td>
<td>48.9</td>
<td>48.9</td>
<td>48.9</td>
</tr>
<tr>
<td>High Quality</td>
<td>55</td>
<td>42.0</td>
<td>42.0</td>
<td>90.8</td>
</tr>
<tr>
<td>Special Offers</td>
<td>12</td>
<td>9.1</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.2.2.6 Frequency of Usage of the Ride Hailing Apps in a Week

Figure 4.4 below shows the number of times the students at USIU-Africa use ride hailing apps in a week. From the findings, most of the respondents use the various ride hailing apps once and 2 to 4 times in a week at 54.20% and 39.69% respectively. Those who use ride hailing apps between 5 to 7 times and 8 to 10 times in a week account for 4.58% and 1.53% respectively. From the findings, no respondent uses the ride hailing app for over 10 times.

![Figure 4.4: Frequency of Usage](image)

4.2.2.7 Amount Spent in a Week on Ride Hailing Apps

Figure 4.5 reveals the amount of money spent by the respondents on ride hailing apps. From the findings, majority of the respondents were those who spend below 2000 at 72.5% while those who spend 5001 and above were the least at 2.3%
4.3 The Effect of Cost Leadership Strategy on Customer Attraction

Using a five-point Likert Scale, the study sought to know the respondents’ level of agreement on various statements relating to cost leadership strategy in relation to attracting customers to a ride hailing app. Respondents were provided with several questions where they were to rate either Strongly Agree; SA (1) Agree; A (2) Neutral; N (3) Disagree; D (4) or Strongly Disagree; SD (5). Descriptive statistics such as frequency, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.4.

The mean for cost leadership ranges from 1.73 to 2.69 indicating that most respondents agreed with the statements that were used to measure the effect of cost leadership on customer attraction. The study revealed that majority of the respondents agreed they: normally estimate the price before requesting for a cab (Mean= 1.73), find themselves really drawn to discounts (Mean= 2.00), are influenced by the estimated price to determine the type of vehicle to request for (Mean= 2.34) and are positive that the price charged represents the value of money. In addition, most of the respondents were neutral on whether: they are satisfied with the prices charged (Mean= 2.53), they like to compare prices with other ride hailing apps before placing a request (Mean= 2.56) and their preferred ride hailing app has the cheapest prices (Mean= 2.69)
### Table 4.4: The Effect of Cost Leadership Strategy on Customer Attraction

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am satisfied with the prices charged.</td>
<td>22</td>
<td>42</td>
<td>50</td>
<td>10</td>
<td>7</td>
<td>2.53</td>
<td>1.033</td>
</tr>
<tr>
<td>2. The app has the cheapest prices.</td>
<td>21</td>
<td>43</td>
<td>38</td>
<td>14</td>
<td>15</td>
<td>2.69</td>
<td>1.203</td>
</tr>
<tr>
<td>3. The price charged represents the value of money.</td>
<td>30</td>
<td>45</td>
<td>38</td>
<td>11</td>
<td>7</td>
<td>2.39</td>
<td>1.092</td>
</tr>
<tr>
<td>4. I normally estimate the price before requesting for a cab.</td>
<td>82</td>
<td>22</td>
<td>12</td>
<td>10</td>
<td>5</td>
<td>1.73</td>
<td>1.142</td>
</tr>
<tr>
<td>5. The estimated price influences the type of vehicle to request.</td>
<td>53</td>
<td>29</td>
<td>17</td>
<td>15</td>
<td>17</td>
<td>2.34</td>
<td>1.435</td>
</tr>
<tr>
<td>6. I find myself really drawn to discounts.</td>
<td>60</td>
<td>34</td>
<td>22</td>
<td>7</td>
<td>8</td>
<td>2.00</td>
<td>1.183</td>
</tr>
<tr>
<td>7. I like to compare prices with other ride hailing apps before placing a request.</td>
<td>43</td>
<td>30</td>
<td>14</td>
<td>29</td>
<td>15</td>
<td>2.56</td>
<td>1.431</td>
</tr>
</tbody>
</table>

#### 4.3.1 Correlation results on the Effect of Cost Leadership Strategy on Customer Attraction

The coefficient results revealed the following relationships as shown in Table 4.5. There was a strong correlation between respondents being satisfied with the price charged and the price charged representing the value of money ($r= 0.690$). A nearly positive correlation was identified between respondent being satisfied with the prices charged and the app having the cheapest prices ($r= 0.443$). In addition, a weak correlation was identified in: respondents being satisfied with the prices charged versus their actions to normally estimate the price before requesting for a cab($r=0.342$), respondents being satisfied with the prices charged versus finding themselves really drawn to discounts ($r = 0.094$) and respondents being satisfied with the prices charges versus comparing prices with other ride hailing apps before placing a request ($r = -0.125$).
### Table 4.5: Correlation results on the Effect of Cost Leadership Strategy on Customer Attraction

<table>
<thead>
<tr>
<th>Satisfactory with the prices charged.</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Price reflects value of money.</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Estimated price influences the type of vehicle.</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Discounts Attraction.</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Comparison of prices charged.</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with the prices charged.</td>
<td>1</td>
<td>.443</td>
<td>.690</td>
<td>0.342</td>
<td>.038</td>
<td>.094</td>
<td></td>
<td>.125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The app has the cheapest prices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price reflects value of money.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price estimation before requesting for a cab.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated price influences the type of vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discounts Attraction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparison of prices charged.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.3.2 Regression Analysis on the Effect of Cost Leadership Strategy on Customer Attraction

Regression analysis was undertaken and the findings showed that the coefficient of determination (R squared) of 0.113 shows that 11.3% of customer attraction can be explained by the cost leadership strategy. The adjusted R-square of 0.062 indicates competitiveness by 6.2%, the remaining percentage can be explained by other factors.
excluded from the model. R of 0.336 displays a positive correlation between customer attraction and cost leadership strategy. The standard error of estimate (0.462) shows the average deviation of the independent variables from the line of best fit. These results are shown in Table 4.6.

**Table 4.6 Regression Analysis on Cost Leadership**

<table>
<thead>
<tr>
<th></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></td>
<td>.336a</td>
<td>.113</td>
<td>.062</td>
<td>.462</td>
</tr>
</tbody>
</table>

4.3.3 **ANOVA on the Effect of Cost Leadership Strategy on Customer Attraction**

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.6 revealed (F=2.237, p value = 0.036). This means there exist a significant relationship between cost leadership strategy and customers attraction to ride hailing apps.

**Table 4.6: ANOVA on Cost Leadership Strategy**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.336</td>
<td>7</td>
<td>.477</td>
<td>2.237</td>
<td>.036b</td>
</tr>
<tr>
<td>Residual</td>
<td>26.206</td>
<td>123</td>
<td>.213</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29.542</td>
<td>130</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4 **The Effect of Differentiation Strategy on Customer Attraction**

The study pursued the effect of differentiation strategy on customer attraction to ride hailing apps using a five-point Likert Scale. The scale provided the respondents with several questions that they were required to rate either Strongly Agree; SA (1) Agree; A (2) Neutral; N (3) Disagree; D (4) or Strongly Disagree; SD (5). The responses were summarized using descriptive statistics such as frequency, mean and standard deviation as presented in Table 4.7.

The research findings revealed that majority of the respondents mainly agreed that it was easy to use their preferred ride hailing app (Mean= 1.50). 2, majority of the respondents
least agreed that complaints are resolved fast enough (Mean= 2.41). The mean for differentiation ranges from 1.50 to 2.41 indicating that majority respondents agreed with the statements that were used to measure the effect of differentiation on customer attraction.

Table 4.7: The Effect of Differentiation Strategy on Customer Attraction

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It is easy to use the app.</td>
<td>83</td>
<td>36</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1.50</td>
<td>0.807</td>
</tr>
<tr>
<td>2. The app has better features compared with the rest.</td>
<td>37</td>
<td>36</td>
<td>42</td>
<td>15</td>
<td>1</td>
<td>2.29</td>
<td>1.026</td>
</tr>
<tr>
<td>3. The drivers are readily available.</td>
<td>39</td>
<td>58</td>
<td>24</td>
<td>8</td>
<td>2</td>
<td>2.05</td>
<td>0.931</td>
</tr>
<tr>
<td>4. The drivers are professional.</td>
<td>33</td>
<td>56</td>
<td>31</td>
<td>8</td>
<td>3</td>
<td>2.18</td>
<td>0.957</td>
</tr>
<tr>
<td>5. The cars are in good condition.</td>
<td>43</td>
<td>65</td>
<td>16</td>
<td>7</td>
<td>0</td>
<td>1.90</td>
<td>0.812</td>
</tr>
<tr>
<td>6. I have encountered very few issues using the app.</td>
<td>29</td>
<td>53</td>
<td>28</td>
<td>12</td>
<td>9</td>
<td>2.38</td>
<td>1.133</td>
</tr>
<tr>
<td>7. Complaints are resolved fast enough.</td>
<td>31</td>
<td>38</td>
<td>42</td>
<td>17</td>
<td>3</td>
<td>2.41</td>
<td>1.059</td>
</tr>
</tbody>
</table>

4.4.1 Correlation results on the Effect of Differentiation Strategy on Customer Attraction

Table 4.8 reveals the coefficient results of the following relationship based on the respondents preferred apps. Strong correlations were identified in: encountering very few issues while using the app versus the drivers being readily available (r=6.22), the app having better features versus the drivers being readily available (r= 0.539) also drivers being professional versus the cars being in good condition (r= 0.538). A weak correlation was established between the cars being in good condition and encountering very few problems while using the app (r= 0.033).
Table 4.8: Correlation results on the Effect of Differentiation Strategy on Customer Attraction

<table>
<thead>
<tr>
<th></th>
<th>Usability of the app.</th>
<th>Better features compared with the rest.</th>
<th>Availability of drivers.</th>
<th>Professionalism of drivers.</th>
<th>Condition of the cars.</th>
<th>Minimal issues with the app.</th>
<th>Complaints are resolved fast enough.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Usability of the app.</strong></td>
<td>Pearson Correlation</td>
<td>.388**</td>
<td>.394*</td>
<td>.193</td>
<td>.136</td>
<td>.276**</td>
<td>.250*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.027</td>
<td>.123</td>
<td>.001</td>
<td>.004</td>
<td>.004</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Better features compared with the rest.</strong></td>
<td>Pearson Correlation</td>
<td>.539**</td>
<td>.316</td>
<td>.155</td>
<td>.301*</td>
<td>.250*</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.078</td>
<td>.000</td>
<td>.004</td>
<td>.004</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Availability of drivers.</strong></td>
<td>Pearson Correlation</td>
<td>.394</td>
<td>.539**</td>
<td>.473</td>
<td>.109</td>
<td>.622</td>
<td>.204</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.216</td>
<td>.000</td>
<td>.020</td>
<td>.020</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Professionalism of drivers.</strong></td>
<td>Pearson Correlation</td>
<td>.193</td>
<td>.316**</td>
<td>.473</td>
<td>1</td>
<td>.538**</td>
<td>.285**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.027</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Condition of the cars.</strong></td>
<td>Pearson Correlation</td>
<td>.136</td>
<td>.155</td>
<td>.109</td>
<td>.538**</td>
<td>1</td>
<td>.033</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.123</td>
<td>.078</td>
<td>.216</td>
<td>.000</td>
<td>.002</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Minimal issues with the app.</strong></td>
<td>Pearson Correlation</td>
<td>.276</td>
<td>.301</td>
<td>.622</td>
<td>.285</td>
<td>.033</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td>.002</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td><strong>Complaints are resolved fast enough.</strong></td>
<td>Pearson Correlation</td>
<td>.250</td>
<td>.250</td>
<td>.204</td>
<td>.399</td>
<td>.283</td>
<td>.265</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.004</td>
<td>.004</td>
<td>.020</td>
<td>.000</td>
<td>.002</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

4.4.2 Regression Analysis on the Effect of Differentiation Strategy on Customer Attraction

Regression analysis was undertaken and the findings showed that the coefficient of determination (R squared) of 0.231 shows that 23.1% of customer attraction can be explained by the differentiation strategy. The adjusted R-square of 0.188 indicates competitiveness by 18.8%, the remaining percentage can be explained by other factors excluded from the model. R of 0.481 displays a positive correlation between customer attraction and differentiation strategy. The standard error of estimate (0.430) shows the average deviation of the independent variables from the line of best fit. These results are shown in Table 4.9.
Table 4.9: Regression Analysis on Differentiation Strategy

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.481a</td>
<td>.231</td>
<td>.188</td>
<td>.430</td>
</tr>
</tbody>
</table>

4.4.3 ANOVA on the Effect of Differentiation Strategy on Customer Attraction

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.10 revealed (F=5.288, p value = 0.15). This means there exist a significant relationship between parameters of differentiation and customers’ attraction to ride hailing apps.

Table 4.10: ANOVA on Differentiation Strategy

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.834</td>
<td>7</td>
<td>.976</td>
<td>5.288</td>
<td>.015b</td>
</tr>
<tr>
<td>Residual</td>
<td>22.708</td>
<td>123</td>
<td>.185</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29.542</td>
<td>130</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5 The Effect of Focus Strategy on Customer Attraction

The third research question pursued the findings on the effect of focus on customer attraction to ride hailing apps. The respondents were asked to indicate on a five-point Likert scale their level of agreement on statements by either selecting Strongly Agree; SA (1) Agree; A (2) Neutral; N (3) Disagree; D (4) or Strongly Disagree; SD (5).

The findings of the study revealed the mean for the focus strategy ranges from 1.53 to 2.35 representing that majority of the respondents agreed with the statements that were used to measure the effect of focus on customer attraction as presented in Table 4.11. Majority of the respondents mainly agreed that they would like to see apps offer better services (Mean= 1.53) while majority of the respondents least agreed that they are willing to switch to the cheapest app.
Table 4.11: The Effect of Focus Strategy on Customer Attraction

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UN</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low prices influence the type of app I will use.</td>
<td>62</td>
<td>34</td>
<td>25</td>
<td>6</td>
<td>4</td>
<td>1.90</td>
<td>1.059</td>
</tr>
<tr>
<td>I’m always willing to switch to the cheapest app.</td>
<td>48</td>
<td>24</td>
<td>33</td>
<td>17</td>
<td>9</td>
<td>2.35</td>
<td>1.283</td>
</tr>
<tr>
<td>I would like to see apps charge less.</td>
<td>73</td>
<td>38</td>
<td>14</td>
<td>2</td>
<td>4</td>
<td>1.67</td>
<td>0.948</td>
</tr>
<tr>
<td>Affordability is the key factor that drives my usage.</td>
<td>73</td>
<td>34</td>
<td>15</td>
<td>5</td>
<td>4</td>
<td>1.73</td>
<td>1.016</td>
</tr>
<tr>
<td>Better services influence the type of app I will use.</td>
<td>70</td>
<td>43</td>
<td>11</td>
<td>5</td>
<td>2</td>
<td>1.67</td>
<td>0.898</td>
</tr>
<tr>
<td>I’m always willing to switch to the app with the best services.</td>
<td>60</td>
<td>34</td>
<td>23</td>
<td>6</td>
<td>8</td>
<td>1.99</td>
<td>1.173</td>
</tr>
<tr>
<td>I would like to see apps offer better services.</td>
<td>82</td>
<td>33</td>
<td>14</td>
<td>0</td>
<td>2</td>
<td>1.53</td>
<td>0.807</td>
</tr>
<tr>
<td>Convenience is the key factor that drives my usage.</td>
<td>69</td>
<td>46</td>
<td>14</td>
<td>0</td>
<td>2</td>
<td>1.63</td>
<td>0.797</td>
</tr>
</tbody>
</table>

4.5.1 Correlation results on the Effect of Focus Strategy on Customer Attraction

Table 4.12 reveals the coefficient results of the following relationships. A strong correlation was identified between affordability being the key factor that drives usage and low influencing the type of app to be used (r=0.618). On the other hand, a weak correlation was identified between the willingness to switch to the cheapest app and better services influencing the type of app to be used (r= 0.81).
Table 4.12: Correlation results on the Effect of Focus Strategy on Customer Attraction

<table>
<thead>
<tr>
<th></th>
<th>Low prices influence the type of app I will use.</th>
<th>I'm always willing to switch to the cheapest app.</th>
<th>Affordability is the key factor that drives my usage.</th>
<th>Better services influence the type of app I will use.</th>
<th>I would like to see apps offer better services.</th>
<th>Convenience is the key factor that drives my usage.</th>
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<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Low prices influence</td>
<td>1</td>
<td>.615</td>
<td>.618</td>
<td>.297</td>
<td>.314</td>
<td>.366</td>
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<tr>
<td>the type of app I will</td>
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<tr>
<td>use.</td>
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<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
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<tr>
<td></td>
<td>N</td>
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<tr>
<td>I'm always willing to</td>
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<td>switch to the cheapest</td>
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<td>app.</td>
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<tr>
<td></td>
<td>Sig. (2-tailed)</td>
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<td>.000</td>
<td>.015</td>
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<tr>
<td>Affordability is the</td>
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<td>my usage.</td>
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<tr>
<td>Better services</td>
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<td>influence the type of</td>
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<td>app I will use.</td>
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<td>Sig. (2-tailed)</td>
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<td>I would like to see</td>
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<td>apps offer better</td>
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<td>services.</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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<td>131</td>
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<tr>
<td>Convenience is the</td>
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<td>key factor that drives</td>
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<td>my usage.</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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</tbody>
</table>

4.5.2 Regression Analysis on the Effect of Focus Strategy on Customer Attraction

Regression analysis was undertaken and the findings showed that the coefficient of determination (R squared) of 0.349 shows that 34.9% of customer attraction can be explained by the focus strategy. The adjusted R-square of 0.306 indicates competitiveness by 30.6%, the remaining percentage can be explained by other factors excluded from the model. R of 0.590 displays a positive correlation between customer attraction and focus strategy. The standard error of estimate (0.592) shows the average deviation of the independent variables from the line of best fit. These results are shown in Table 4.13.
### Table 4.13: Regression Analysis on Focus Strategy

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.590a</td>
<td>.349</td>
<td>.306</td>
<td>.592</td>
</tr>
</tbody>
</table>

4.5.3 ANOVA on the Effect of Focus Strategy on Customer Attraction

The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.14 reveals there exists a significant relationship between parameters of focus and customers attraction to ride hailing apps ($F=8.162$, $p$ value = 0.042).

### Table 4.14: ANOVA on Focus Strategy

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.850</td>
<td>8</td>
<td>2.856</td>
<td>8.162</td>
<td>.042b</td>
</tr>
<tr>
<td>Residual</td>
<td>42.692</td>
<td>122</td>
<td>.350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>65.542</td>
<td>130</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.6 Chapter Summary

This chapter has discussed the findings and analysis of the data collected. The information gathered from the analyzed data confirmed that the three competitive strategies were applied by the ride hailing apps to attract customers in this case the USIU students. The next chapter provides summary, discussions, conclusion and recommendations.
CHAPTER FIVE
5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter brings forth the thoughts in line with the findings recognized from the data analysis done. This is done by evaluating the findings achieved to previous studies done in relation to this topic. The chapter will also draw conclusions as well as recommendations for the present and future studies.

5.2 Summary
The purpose of this study was to investigate the effect of competitive advantage on attracting customers to a ride hailing basing on USIU-Africa students. This was guided by three research questions namely: to what extent does cost leadership influence customer attraction to a ride hailing app? What is the effect of differentiation on customer attraction to a ride hailing app? And how does focus influence customer attraction to a ride hailing app?

The study adopted a descriptive correlation research method design to establish the impact of competitive advantage on customer attraction to ride hailing apps with a focus on USIU-Africa students. The descriptive research method was used to identify and explain the association between customer attractions the competitive advantage strategies which comprise of cost leadership, differentiation and focus strategies. Stratified sampling method was use to select 173 respondents out of a population of 6763 students. A questionnaire was used to gather responses from the respondents cutting across all the education levels that is undergraduate, graduate and doctorate. The use of a structured questionnaire helped the researcher to utilize descriptive and inferential statistics during data analysis and presentation.

Analysis of the first research question determined the impact of cost leadership on customer attraction to a ride hailing app. The findings of the study affirmed through responses indicated Uber; the most preferred app employs this strategy to provide services at the lowest price by offering discounts enabling it to attract as many customers as possible thus gaining the majority market in the industry. Most of the respondents agreed that before selecting the app to use, they normally estimate the price and this
influences the type of vehicle to request for. In addition, majority of the respondents agreed the price charged represents the value of money indicating the preferred ride hailing app offers great services but a lower cost. On the other hand, majority of respondents displayed uncertainty on their preferred ride hailing app having the cheapest prices and comparing prices with other ride hailing apps before placing a request.

Examination of the second research question established the effect of differentiation on customer attraction to a ride hailing app. Based on the findings most of the respondents agreed that it’s is easy to use their preferred ride hailing app, the drivers are readily available and the cars are in good condition. Moreover, most of the respondents agreed their preferred ride hailing app has better features compared with the rest demonstrating the quest of these firms to deliver superior value to an extensive range of customers. On the other hand, majority of the respondents least agreed that their complaints are resolved fast enough and they have encountered very few issues while using their preferred ride hailing app.

Investigation of the third objective determined how the focus strategy influences customer attraction to a ride hailing app either through low cost or differentiation focus. From the result findings, majority of the respondents indicated that their usage is driven by convenience and that they would like to see the apps offer better services. Respondents were asked to indicate if they were willing to switch to the app with the best services and the app with the cheapest prices and from the findings majority least agreed they were willing to switch to the cheapest app. This demonstrates a larger gap in meeting the need of customers in the differentiation niche than in the low-cost focus niche. The respondents in the differentiation niche indicated their choice of ride hailing app is mainly influenced by provision of better services while the respondents in the low-cost niche indicated their choice of the ride hailing app is mainly influenced by low prices.

5.3 Discussion
5.3.1 Influence of Cost Leadership on Customer Attraction to Ride Hailing Apps
The study analysed the impact of cost leadership strategy and based on the findings most of the respondents indicated that they normally estimate the price before placing a
request to determine the type of vehicle to select. This is in line with Nyauch and Nyamweya (2018) who stated that cost leadership entails attracting customers by either having the lowest price in the target segment or having the lowest price to value ratio to win the majority market share in the respective industry. This is consistent with the findings of Hardjito (2015) that depict that low prices attract price sensitive customer thru firms producing standard good and services to achieve the cost leadership position.

The findings also established that customers are attracted to discounts indicating that the preferred ride hailing app tends to offer numerous discounts. This supports the findings from Kubai and Waiganjo (2014) who indicated that firms that have achieved cost leadership they are able to deliver the same benefit as competitors but at a lower cost by riding on cost efficiency and economies of scale to drive this strategy. This concurs with the work of Council Of Economic Advisers(2016) that indicate that firms reduce prices once they realize economies of scale which is an effect of low cost consequently attracting more customers because of efficiencies created by larger operations.

On the other hand, there was a high level of uncertainty in the satisfaction of the prices charged and this explains why majority of the respondents indicate the use the ride hailing app once yet the contribute to the majority of those who don’t own cars. Moreover, the majority were also uncertain on whether the preferred ride hailing app has the cheapest prices. The latter can be because of lack of will to compare or lack of effective platforms to enable seamless comparisons and this can be attributed to the results that indicate uncertainty in comparing prices with other ride hailing apps before placing a request. This indicates that customers are not only concerned about the low prices but also the quality of the standard goods and services. This is supplemented by Jeong, Lee and Kim (2017) who emphasize on the need of firms to place a premium on operational efficiency in the production of standard goods and services to ensures there is control in every expense ensuring the firm is effectively and efficiently serving the price sensitive customers.

Based on the outcome, majority agreed that the price charged represents the value of money. This shows that the preferred ride hailing app offers great services but a lower cost and this is supplemented by the results findings that indicate that after low prices the
second factor that attracts the customers to ride hailing apps is high quality. This concurs with study of Sterman (2014) who indicated that firms can attain cost leadership by producing the most efficient products or services in the market and selling at a low price through proprietary technology. This can be achieved either through product and/or process innovation to pave way to produce effectual products and services that results to superior business performance thrust leadership (Almor, 2014). In this study product innovation comes out strongly and it supports the study by Grant (2016) who noted that when firms innovate products by focusing the design on ease of production the gain competitive advantage by means of significant cost savings. Grant adds on to his explanation by giving an illustration of Motel 6 which is the cost leader of US budget motels. It has prudently designed its products to keep operating at low cost thru adopting standard motel designs, occupying inexpensive out of town locations, avoiding facilities such as restaurants and pools and also designing rooms to enable easy cleaning and maintenance.

From the result findings it is well established that Uber is the most preferred ride hailing app and the reason why it is mainly preferred it’s due to the low prices that customers are charged. This demonstrates that Uber has embarked on gaining competitive advantage by having the lowest cost in the industry as demonstrated by Teeratansirikool, Badir and Charoenngam, (2013) who describe cost leadership as selling goods and services to customers at the lowermost cost compared to competitors in the industry by means of pursuing a cohesive set of activities related to organizational performance to achieve competitive advantage. Hilman and Kaliappen (2014), further notes that firms achieve cost leadership by having the lowest cost within the industry by applying numerous activities such as technology advancement, learning curve, demand forecasting, economies of scale, high capacity utilization as well as outsourcing.

5.3.2 Influence of Differentiation on Customer Attraction to Ride Hailing Apps
The study analysed the impact of differentiation strategy and based on the findings most of the respondents indicated that they agree with the following based on their preferred ride hailing app: it is easy to use the app, it has better features compared with the rest and that they have encountered very few issues while using the app. Tanwar (2013) indicates that firms pursuing differentiation are widely valued by customers because they produce
unique products and services that satisfy the customers’ needs. Hales and McLarney (2017), further adds on to describes differentiation as a channel used by firms to achieve competitive advantage by attracting customers through offering supreme products or services that deliver higher value to a wide range of customers who in return pay higher prices that positions a firm to earn higher returns enabling it to outdo the competition within the industry.

The findings of this study indicate that most of the respondents agreed their preferred ride hailing app has better features compared with the rest. These results are consistent with the study by Hales, et al. (2017) that illustrates firms achieve competitive advantage by offering unmatched products or services to deliver superior value to a wide range of customers. Moreover, the study by Becerra, et al. (2013) indicate one of the ways that firms rise above competition to attract more customer is by pursuing product differentiation to increase the perceived value of its product making the customers prefer their product over the competitors’. The study by Grundvag, et al. (2014) further explicate that new product attributes are added to differentiate a firm’s products from those of competitors to become the preferred brand of choice in the industry. Referring to the study findings, we can assume that the preferred ride hailing apps have made their apps superior by adding new product attributes that make their apps very easy to use and customers to experience very few issues while using the apps.

Based on the study findings high quality is the second key factor that attracts customers to prefer a ride hailing app after low prices. This confirms the assertion by Silva (2015) that consumers are presumed to want higher quality, although they may differ in their willingness to pay for quality improvements. Becerra, et al. (2013) elucidate that where available products are offered at an equal price; all customers will settle for these products in a preference ranking as the competition shapes up to only one dimension with the most differentiated firm providing the highest level of such a dimension in the industry. This attributes to horizontal differentiation as illustrated in the study by Makadok, et al. (2013) who indicate that despite firm selling their products at an equal price customer will differ on the preference of a product based on their level of a product attribute. Thus, differentiation strategy is equally important to firms for attracting customer and winning the majority market share.
Firm can achieve competitive advantage through differentiation by strategically integrating the supply chain integration as indicated by Leuschner, *et al.* (2013). The supply chain integration as described by Huo, *et al.* (2013) refers to the extent at which a firm preemptively link forces with its supply chain partners thru internal and external internal integration. The result findings of this study concur with these studies by the indication of most respondents agreeing that the drivers of their preferred ride-hailing app are readily available, they are professional and the cars are in good condition. This indicates that the ride-hailing apps firms that provide the platform that connects drivers to customers at a fee have tactically joint forces with drivers who own the cars. This has resulted to assimilation of all functioning processes at all level between the customers and the drivers to offer additional value to customers.

Moreover, firms achieve competitive advantage by means of laying emphasis on creating superior brands through rigorous promotion efforts as defined by Tian, *et al.* (2013). Phadtare (2014) refer to this as marketing differentiation; whereby where a firm chooses to acknowledge and act on the heterogeneity of the market it is operating in resulting to having a fully satisfied and loyal customer base. This accords to the result findings that indicate most respondents agreed that the complaints they raise on their preferred ride-hailing apps are resolved fast enough. Therefore, the ride-hailing apps have invested in innovating the channel of distribution as indicated in the study by Rashidirad, *et al.* (2013). The study denoted that firm emphasize on outside-in variables rather than inside-in varaibales to build an efficacious marketing differentiation strategy to enabling them attract new customers as well as retain existing customer base. This aproach is targeted toward creating a positive brand identity in the industry as described in the study by Vera (2016). The study further explain that brand identification tactics are employed to create a positive impression of the firm’s product to attain market differentiation.

### 5.3.3 Influence of Focus Strategy on Customer Attraction to Ride Hailing Apps

The study confirms that focus strategy has an impact on attracting customers to ride-hailing apps. Based on the findings most respondents agreed they are willing to switch to the cheapest app and they are also willing to switch to the app with the best services. This concur with the study by Punjab, *et al.* (2015) that companies pursue focus strategy to
achieve competitive advantage by either serving customer in a narrow market either through low cost or differentiation to attract more customers than other players in the industry. Tanwar (2013) further explain firms trail the narrow competitive scope by selecting a segment or a group of segments within the industry and modifying its strategy to serve them to the segregation of others. This results to firms enjoying a high degree of customer loyalty and attracting more customers while discouraging other firms in the industry from competing directly (Maina & Oloko, 2016).

Bader (2014) explains one of the ways firms pursue the focus strategy to attain competitive advantage in the niche market is through low cost focus approach that emphases on product quality and branding to produce lowly priced products. This relates to the results findings that indicate most respondents agreed that they would like to see the ride hailing apps charge less. Secondly, firms pursue the focus strategy to attain competitive advantage in the niche market through the differentiation focus approach that emphases on offering higher products or services than the average price. This relates to the results findings that indicate most respondents agreed that they would like to see the ride hailing apps offer better services. Therefore, we can assume that the preferred ride hailing apps target both the low-cost niche market segment and the niche market with explicit and distinct needs.

However, there is need for the firms to possess intimate knowledge about the two niche markets to serve the extreme unique need of customers wanting to see the apps charge less and offer better services. This is crucial of firms to gain competitive advantage through the focus strategy as explicated by Peng (2013).

The preferred ride hailing apps seek a lesser cost advantage in the narrow market segments by offering services to a niche group of customers at the lowest price available in the market. This can be illustrated by most of the respondents agreeing that their choice of a ride hailing is influenced by low price and they are always willing to switch to the cheapest app. Alstete (2014), indicate that the lowly priced product offering is the gateway for firms to attract the extremely price sensitive customers and outdo competition thus gaining competitive advantage. Customers within the low-cost niche tend to have low income levels (Gituku & Kagiri, 2015), this resonates with the study
findings which indicate that majority of the respondents agreed that affordability is the key factor that drives their usage. This can also be explained by the findings indicating on average majority of the respondents use the ride hailing app once in a week spending at least Below KES 2 000.

On the other hand, the preferred ride hailing apps aims at distinguishing their products to offer a niche group of customers services that meet their needs better than competition. This resonates with the study findings that most of the respondents agreed that they are willing to switch to the app with the best services and the choice of ride hailing app is influenced by provision of better services. Rizea (2015) indicates that distinguished products are custom-made, specific, very rare and unique positioning them as high end in the niche market to satisfy the unique needs of customers for highly differentiated products. The income levels of customers within the differentiation niche tend to be high hence they don’t mind paying for the high prices to satisfy their sophisticated needs (Gituku & Kagiri, 2015). This concurs with the study findings that indicate most respondents are always willing to switch to the app with better services and that convenience is the key driver of their usage.

The study reveals that customers are attracted to ride hailing apps either through the low-cost focus strategy and the differentiation focus strategy. It’s is evident that the preferred ride hailing apps have been employed the two focus strategies to attract customers. This success can be attributed to the distinct preferences, existence of a large industry segment with a good growth potential and a niche that has not been pursued by rivals to secure competitive advantage (Arasa et al., 2014). Tansey, et al. (2014) adds on to the success factors of the focus strategy highlighting concentrating on a set of customers, geographic areas or a segment of the market and serving that specific target very leads to a successful focus strategy. Bertozzi, et al. (2017) also adds on explain the factors that contribute to success of the focus strategy. The low-cost focus strategy works well with customers who are extremely cost-conscious and are part of a specific group of the population and in some scenarios from a specific ethnic minority and geographical location. Conversely, the differentiation strategy will work well with customers seeking the best value and for certain scenarios inimitability in specialty products and services which come at a high price which they don’t mind paying for.
5.4 Conclusion

5.4.1 Influence of Cost Leadership on Customer Attraction to Ride Hailing Apps
A firm pursuing the cost leadership strategy endeavours to become the lowest cost producer in the industry. This entails delivering the same benefit as the competitor but at a lower cost to attract the price sensitive customers. Cost leader seeks to drive low costs through innovation, efficiency and economies of scale. From the study it is evident pursuit of the cost leadership strategy has attracted customers to prefer certain ride hailing apps. However, Uber has emerged as the cost leader among the other ride hailing apps since it’s the most preferred and due to its low prices.

5.4.2 Influence of Differentiation on Customer Attraction to Ride Hailing Apps
Differentiation strategy has a considerable impact on attracting customers to ride hailing apps. The study depicts the preferred ride hailing apps aggressively pursue differentiation strategy to win the majority market either through: product differentiation, supply chain differentiation or marketing approach. Differentiation strategy emerges as the second key factor that attracts customers to ride hailing apps after cost leadership.

5.4.3 Influence of Focus Strategy on Customer Attraction to Ride Hailing Apps
From the study it can be inferred that the focus strategy attracts customers to ride hailing apps either through low cost or focus strategy. The preferred ride hailing apps have adopted this strategy to more customers and achieve competitive advantage in the specified niches. The study indicated needs of the customers in the low cost and differentiation niches have not been fully met due to the demand of cheaper prices and better services.

5.4. Recommendation
5.4.1 Recommendations for Improvement

5.4.1.1 Influence of Cost Leadership on Customer Attraction to Ride Hailing Apps
Cost leadership strategy has a statistically significant impact on attracting customers to ride hailing apps. It is evident from the literature that cost leadership strategy is a major consideration for the ride hailing apps in Kenya since low prices is the driver for customers to prefer a ride hailing app over the rest in the market. Therefore, the study recommends the various ride hailing apps to pursue the cost leadership strategy to attract
more customers and win the majority market share in the industry. It is further recommended that the ride hailing apps need to pay attention to proprietary technology to attain competitive advantage by producing the most efficient services in the market and selling it at a low price.

5.4.1.2 Influence of Differentiation on Customer Attraction to Ride Hailing Apps
The ride hailing apps should utilize differentiation strategy as it has been established in this study to have a statistically weighty influence on attracting customers to ride hailing apps. There is also need for the ride hailing apps to further look deeper into how to create a distinctive brand in the market without increasing the price to make differentiation a significant practice in the industry. This strategy can be achieved through use of technology to attain the cutting edge of innovation that helps to limit easy imitation of the firm’s distinctiveness.

5.4.4.1.3 Influence of Focus Strategy on Customer Attraction to Ride Hailing Apps
To attain competitive advantage the ride hailing apps also need to adopt the focus strategy either through low cost or differentiation. Based on the success factors for each the focus strategy, it is essential for the ride hailing apps to extensively scan the environment and possess intimate knowledge that will help identify the best niche to concentrate on that will give them competitive advantage.

5.4.2 Recommendations for Further Studies
The purpose of this study was to establish the effect of competitive advantage on attracting customers to a ride hailing app based on USIU-Africa students with the main areas of concentration being to identify: to what extent does the cost leadership influence customer attraction to a ride hailing app, effect of differentiation on customer attraction to a ride hailing app and the influence of the focus strategy to attracting customers to a ride hailing apps. For further studies, there is a need to undertake a study to establish the effect of competitive advantage on attracting drivers to partner with the ride hailing apps.
REFERENCES


Banker, R., Mashruwala, R., & Tripathy, A. (2014). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy? Management Decision, 872-896.


APPENDICES

Appendix I: Cover Letter

25th May 2018

Dear Respondent,

I am a student pursuing a Master degree in Business Administration in strategic management at United States International University (USIU)-Africa. As part of the requirement, I am supposed to undertake a research project in a related area. In this regard, I am conducting a study on: The Effect of Competitive Advantage on Customer Attraction to Ride Hailing Apps. A Case Study of USIU-Africa.

By means of random sampling, you have been selected to facilitate in providing information that will assist in finalizing the study. Kindly spend some of your valuable time (5-10 minutes) to complete this questionnaire to the best of your knowledge. Thank you in advance for accepting to be a positive contributor to the economy. Your responses will be treated with the confidentiality it deserves.

Yours Sincerely,

Stella Gitau
Appendix II: Questionnaire

SECTION A: DEMOGRAPHICS

For all questions in this section, please tick the number that best characterizes your response.

1. Gender?

2. Current level of education?

3. Do you own a car?

4. Which is your preferred ride hailing app?

5. Why do you prefer the ride hailing app you have selected?

6. On average, how often do you use the ride hailing apps in a week?

7. How much do you spend on a weekly basis (Kes) when using the ride hailing apps?
   [1] = Below 2 000  [2] = 2 001 to 3 000  [3] = 3 001 to 5 000
   [4] = 5 001 & Above
SECTION B: COST LEADERSHIP

Please select the option that best characterizes your response based on your preferred ride hailing app.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am satisfied with the prices charged.</td>
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<td>2. The app has the cheapest prices.</td>
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<td>3. The price charged represents the value of money.</td>
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<td>4. I normally estimate the price before requesting for a cab.</td>
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<td>5. The estimated price influences the type of vehicle to request.</td>
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<td>6. I find myself really drawn to discounts.</td>
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<td>7. I like to compare prices with other ride hailing apps before placing a request.</td>
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</tbody>
</table>
### SECTION C: DIFFERENTIATION

Please select the option that best characterizes your response.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It is easy to use the app.</td>
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<td>2. The app has better features</td>
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<td>compared with the rest.</td>
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<td>3. The drivers are readily available.</td>
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<td>4. The drivers are professional.</td>
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<td>5. The cars are in good condition.</td>
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<td>6. I have encountered very few issues</td>
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<td>using the app.</td>
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<td>7. Complaints are resolved fast enough.</td>
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</table>


SECTION D: FOCUS STRATEGY

Please select the option that best characterizes your response.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Low prices influence the type of app I will use.</td>
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<td>2. I’m always willing to switch to the cheapest app.</td>
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<td>3. I would like to see apps charge less.</td>
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<td>4. Affordability is the key factor that drives my usage.</td>
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<td>5. Better services influence the type of app I will use.</td>
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<td>6. I’m always willing to switch to the app with the best services.</td>
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<tr>
<td>7. I would like to see apps offer better services.</td>
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THANK YOU FOR YOUR TIME!