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ABSTRACT

The study sought to ascertain the effects of strategic positioning on competitive advantage of commercial banks in Kenya. The general objective of the study was to determine the effect of strategic positioning on competitive advantage of commercial banks in Kenya. The specific objectives were to ascertain the effect of market segmentation strategy, product focus strategy, technological innovation and location strategy on competitive advantage of commercial banks in Kenya. The study variables were underpinned by market positioning theory, efficiency theory, resource-based theory and competitive advantage theory. The study utilized descriptive research design due to its inherent ability to provide a comprehensive depiction of the current state of affairs. The study population consisted of three (3) executive managers drawn from 42 commercial banks operating in Kenya. The target population therefore included 42 operations managers, 42 customer service managers and 42 marketing managers giving a target population of 126. Since the study was census, the sample size was taken as 126 respondents. Prior to the main study, the researcher first checked for internal consistency of the questionnaires in a pilot study. The pilot study was carried in 13 Commercial banks in Kiambu County. A semi-structured questionnaire was used to collect data. The SPSS tool was utilized to examine the data that have been obtained. Both quantitative and qualitative methodologies were used in the investigation. Quantitative data was analyzed through the use of quantitative techniques. Mean, percentages and standard deviation were the quantitative metrics to be employed presenting both descriptive and inferential data analysis in tables and figures. The study found that location strategy, technological innovation, product focus strategy, and market segmentation all contributed positively to the competitive advantage of commercial banks in Kenya.

Key Words: *Market segmentation, Product focus, Technological innovation, Location strategy*

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INTRODUCTION

Organizations now operate in an environment that is really competitive, therefore they must implement methods to increase their competitiveness (Kihara 2017). New players are entering emerging markets as a result of expanding trade reforms, open markets, and globalization (Blankson & Ketron, 2017). Every bank competes for a small portion of the market as a result. It is challenging to out-smart competitors and outperform them in the marketplace with a superior strategy whenever competitors can easily copy effective strategy elements (Cockburn & Henderson, 2018). Out-executing your rivals is the main strategy for gaining a competitive advantage. This may entail developing strategic positioning, and core competencies that make the business more difficult for rivals to imitate or expensive to do so, and that move the business towards real operational excellence and highly effective strategy execution (Aloo, 2020).

Globally, to obtain a competitive edge, French banks have focused their efforts on innovation, internet competition, and mobile banking (Hinson & Abdul-Hamid, 2017). Romanian banks on the other hand have utilized the Porter's Generic Competitive Strategies to achieve global competitive advantage (Hooley & Möller, 1998). The authors posit that among the three sets of generic strategies, differentiation strategies have been shown to have the greatest impact on customer satisfaction in the Romanian banking industry. In order to boost customer satisfaction and maintain a favorable image, it is insufficient for bank managers to only provide exceptional service to bank clients. Instead, they should strive to give services that beyond consumer expectations (Jain, 2017).

Regionally, strategic positioning responses to a competitive environment have been employed by commercial banks. For instance, in Rwanda, insurance firms and banks have experienced price wars with their rivals, encountered high expenses associated with clients transferring from competitors to their own firms, faced challenges from competitors with bigger branch networks. Conversely, the least significant factors affecting them are the implementation of e-commerce, competition in lending from microfinance institutions, and the poaching of personnel (Todorović & Furtula, 2018). In light of the prevailing competitive environment, organizations utilized strategic positioning strategies as a means to enhance their market positioning. The most often employed methods were enhancing product quality, investing in ICT, and expanding the existing network of branches (Mashoof & Alizadeh Meshkani, 2019).

The objective of strategic positioning is to strengthen the institutional level strategy by effectively differentiating the organization from competitors in the global market (Mukeshimana, 2019). According to Odhiambo and Wanjira (2019), companies that allocate resources into conversant positioning strategies are more adept at competing for scarce resources and achieving success within their respective industries. Farida (2022) posits that a successful strategy is characterized by its ability to effectively establish a competitive advantage for a firm, therefore distinguishing it from its competitors via the provision of a valued, rare, and challenging-to-replicate benefit. Positioning as a strategy, according to Wesulah (2019), it determines how an organization competes and survives in the market. The author goes on to say that a blend of distinctive resources and a high degree of aptitude, results in organizational competitive advantage.

Hooley, Broderick, and Möller (1998) provide a definition of strategic positioning as the deliberate selection of a specific target market section, comprising the consumers a firm intends to service, together with the identification of a unique differentiating advantage that will determine its competitive approach vis-à-vis other players in the same segment. Lee, Kim, and Won (2018) noted that the concept of positioning strategy involves the deliberate creation and presentation of a company's image in order to establish a distinct and memorable position inside the minds of the intended consumer base. The primary goal is to establish brand positioning in the minds of customers in order to maximize the potential advantages for the company. It also entails the implementation of differentiation strategies to establish a unique and discernible market position for a product within a highly saturated market characterized by comparable offerings.

According to Smith (1956) marketing segmentation strategy, is an alternative to product differentiation, however numerous reviews were made to ascertain market segmentation strategy rather than being just a complimentary. Porter (1985) asserts that the implementation of a market segmentation strategy is intended to enhance the comprehension of customer wants for firms across various scales and capabilities. Market segmentation alludes to the process of categorizing a market into discrete groups based on shared demands and characteristics. The process includes the identification, selection, and assessment of markets prior to their classification. Market segmentation is a strategic approach that contributes to the development of consumer loyalty via the identification of shared features across rivals in the market (Wairugi, 2017).

The research aimed at analyzing the strategic positioning of commercial banks in Kenya by examining many indicators, including market segmentation strategy, product focus strategy, technological innovation strategy, and location strategy. Through a meticulous evaluation of these proxies, the study sought to understand their impact on the competitive advantage of commercial banks in Kenya.

The regulatory framework overseeing the banking sector in Kenya comprises the Companies Act (Cap 486), the Banking Act, the CBK Act, and the prudential guidelines released by the CBK, (2017). Commercial banks in Kenya are categorized in three tier groups on the basis of the value of bank assets. Tier one are banks with an asset base of over Ksh40 billion, and holds cumulative assets worth hundreds of billions and control almost half of the market share (Kajirwa, 2018). Tier two are commercial banks with asset base between Ksh10 billion and Ksh40 billion and they control 41.7% of the market share while tier three are banks 18 with an asset base of less than Ksh10 billion (Ondieki & Jagongo, 2013).

Statement of the Problem

The Kenyan banking sector is the most competitive in the East African area according to an IMF analysis (Temporal, 2016). Kenya has seen an increase in financial inclusion, with 77.0% of the population residing within three kilometers of an access point for financial services in 2016 compared to 59.0% in 2013. Digitalization is the primary force behind this, with Mobile Financial Services (MFS) being the preferred way to obtain financial services in 2016. However, the threat of more foreign banks coming into the industry is now more real than ever and have experienced a cut throat competition from communication companies and shylocks (Totolo, 2018). Wambui (2018) argued that adopted strategies to deal with these environmental factors ensures that they do not pull the organization down as it tries to achieve its set goals and objectives.

A review of existing studies shows empirical contextual gaps for focusing on other industries, sectors and countries other than commercial banks in Kenya. While commercial banks have indeed examined strategic positioning as a means to improve their competitive advantage, their primary emphasis has been on factors such as pricing and quality. The effectiveness of conventional strategies for achieving competitiveness seems to be limited (Sarji, 2017). Given the dynamic nature of the banking business, it is essential for banks to capitalize on the possibilities presented by contemporary technology in order to provide mobile and internet solutions that prioritize convenience (Guerra & Camargo, 2017). Furthermore, it is worth noting that commercial banks have been actively involved in assessing their level of competitiveness. However, it is important to highlight that their attention has mostly been directed on financial metrics. Financial indicators primarily evaluate the performance of a corporation within a certain time frame (Mashovic, 2018, Ahmad & Zabri, 2017).

In order to address the limitations associated with financial measurement, this research employed non-financial metrics to evaluate the strategic positioning and competitive advantage of commercial banks in Kenya. These are gaps that this study sought to fill as it examined the influence of strategic positioning on competitive advantage of commercial banks in Kenya. In the existing studies there is lack of a clear path on how empirical conceptual gaps of strategic positioning on competitive advantage variables are conceptualized. Thus, there exist knowledge gaps in the area of the impact of strategic positioning on competitive advantage among financial institutions in Kenya, which justified the importance of this study on the impact of strategic positioning on competitive advantage of commercial banks in Kenya, with a greater emphasis on market segmentation strategy, product focus strategy, technological innovation strategy, and location strategy on competitive advantage of commercial banks in Kenya.

Research Objectives

The main objective of this research was to assess the impact of strategic positioning on competitive advantage of commercial banks in Kenya. The following were the specific objectives guiding the study;

- To ascertain the effect of market segmentation strategy on competitive advantage of commercial banks in Kenya.
- To evaluate the effect of product focus strategy on competitive advantage of commercial banks in Kenya.
- To evaluate the effect of technological innovation strategy on competitive advantage of commercial banks in Kenya.
- To assess the effect of location strategy on competitive advantage of commercial banks in Kenya.

LITERATURE REVIEW

Market Positioning Theory

Market Positioning theory was developed by theorists Ries and Trout (1969), their initial piece foresaw the future of the marketing and communication industries. They predicted that the future will place more emphasis on positioning in the eyes of potential buyers rather than just product attributes. They were successful in advising senior management of various firms to analyze their offers objectively from the perspective of their customers and connect with what is already on their prospects' thoughts, or to capitalize on positions already held (Wirtz & Lovelock, 2017). The marketing environment is always crucial to positioning in the minds of customers.

The research lay significance on market positioning theory, which focuses on the strategic manipulation of people' perceptions to facilitate successful market positioning for firms. The theory was applicable in this study as it centered on gaining a position in prospective clients' thoughts, specifically through market segmentation strategy and the dissemination of information related to technological innovations. The aim was to ascertain the impact of market segmentation strategy and technological innovation on the competitive advantage of financial institutions in Nairobi County, Kenya.

Efficiency Theory

Demsetz (1973) proposed the efficiency theory, which serves as a complementary framework to systems theory. The efficiency hypothesis posits that the attainment of better management and scale efficiency leads to increased absorption capacity, hence resulting in bigger and higher earnings. Nzioka and Kariuki (2021) aver that effective management practices have the potential to not only enhance profitability inside a corporate organization, but also contribute to an expansion of market share and an improvement in market concentration. According to Mirzaei (2012), the efficiency theory posits that banks may achieve enhanced profitability by improving their efficiency, hence enabling them to gain favorable financial performance and increased market shares.

Nzioka and Kariuki (2021) posit that the efficiency theory posits that the attainment of profitability and heightened intensification is contingent upon the implementation of effective cost management methods and superior management tactics across the whole business. According to Owaga (2021), businesses that demonstrate efficiency in the market are thought to boost their market share and experience organic growth in company size by using assertive operational and managerial strategies. Moreover, it is posited by the theory that the efficiency hypothesis is dominant in cases when there is a notable positive association between profitability and market share (Kamukama, 2017). The theory supports the market segmentation strategy in that when more market segments are in place, market share will increase and that will translate to efficiency in banks products and services offered, this theory also supports location strategy and technological innovation as it suggests that any effort to enhance efficiency and operate more efficient than competitors is expected to provide a favorable impact on the banks' competitive advantage.

Resource Based View Theory

The resource-based view theory was first introduced by Penrose (1959) and subsequently enhanced by Wernerfelt (1984), who distinguished four essential qualities of resources—value, scarcity, imperfect imitability, and lack of substitutability—that could support a firm's competitive advantage. The resource-based perspective conceptualizes the company as a cognitive system, exhibiting unique and context-specific competencies that are fundamental to its strategic objectives. The aforementioned factors are influenced by hierarchical capabilities, which refer to the collection of routines used in the administration of the organization's fundamental business operations, ultimately contributing to value creation. Competencies sometimes include the cultivation of specialized knowledge and skills, leading companies to potentially get entrenched in a certain path that proves challenging to alter successfully over a relatively short or intermediate timeframe (Amit & Schoemaker, 2003).

The resource-based view's underlying tenet is that successful businesses build distinctive capabilities that will underpin their competitiveness in the future. These capabilities are frequently peculiar to each business or unique to it, and they could have a tacit or intangible character. (such as knowledge) (Donnellan & Rutledge, 2019). From this viewpoint, a company's tangible and intangible assets that work together to give it a competitive edge are its strategic resources. The success of this process depends on how "softer" organizational resource management issues, such as personnel and skills, are handled in operational collaboration as opposed to high-level goals and long-term strategy. Competitive advantage, or, in other words, the skillful management of the physical and intellectual resources that comprise the core competency of the company, is thought to be the basis for an organization's complex of competencies, capabilities, skills, and strategic assets. These fundamental competencies, or capabilities, instead of being founded on distinct, separate talents, are the "synthesis of a variety of skills, technologies, and knowledge streams" (Hanna, 1985). Businesses select their strategic stance by deciding on the best defensive posture against competitive forces, by influencing the balance of forces to strengthen the company's position, and by choosing a plan for competitive balance before competitors move (Oliver, 2007). According to this perspective, a company's strategic posture reveals its capacity to create competitive advantage. Thus, a comprehensive grasp of market structure and variables that affect a firm's capacity to survive in a cutthroat environment gives rise to its strategic positioning (Abdolshah & Khatibi, 2018).

Competitive Advantage Theory

The Competitive Advantage Theory was formulated by Porter (1985). The individual in question developed the five forces paradigm, which posits that external factors have an influence on businesses, necessitating the adoption of appropriate policies in order to ensure survival and maintain competitiveness. According to Chaharbaghi and Lynch (1999), the idea of competitive advantage posits that a business's capacity to continuously outperform its competitors over an extended period of time constitutes a competitive advantage for the firm. In a similar vein, Wesulah (2019) posited that competitive advantage might be seen as the organizational ability to provide goods and services with more effectiveness and efficiency compared to relevant competitors. In order to enhance its competitive advantage, an organization's business strategy exerts influence on the many resources that it directly controls, and these resources possess the potential to provide competitive advantage (Porter, 1998). According to proponents of the competitive advantage hypothesis, it is posited that a corporation may maintain a competitive edge over its rivals by consistently boosting the quality of its products and services. So, a sign of competitive advantage is the ongoing development of goods and services.

The research places significant importance on the theory of competitive advantage as it aids in conceptualizing the independent factors that are anticipated to elucidate the adoption of competitive strategies inside commercial banks, hence enhancing the bank's sustainability. The competitive advantage theory posits that a firm may improve its ability to compete with competitors in the business environment by focusing on product differentiation and technological innovation. This theory suggests that the unique attributes possessed by a firm enable it to outperform both existing and potential competitors. Furthermore, the theory suggests that continuous enhancement of products and services serves as an indicator of a firm's competitive advantage (Farida, 2022).

Empirical Literature

Market Segmentation Strategy and Competitive Advantage

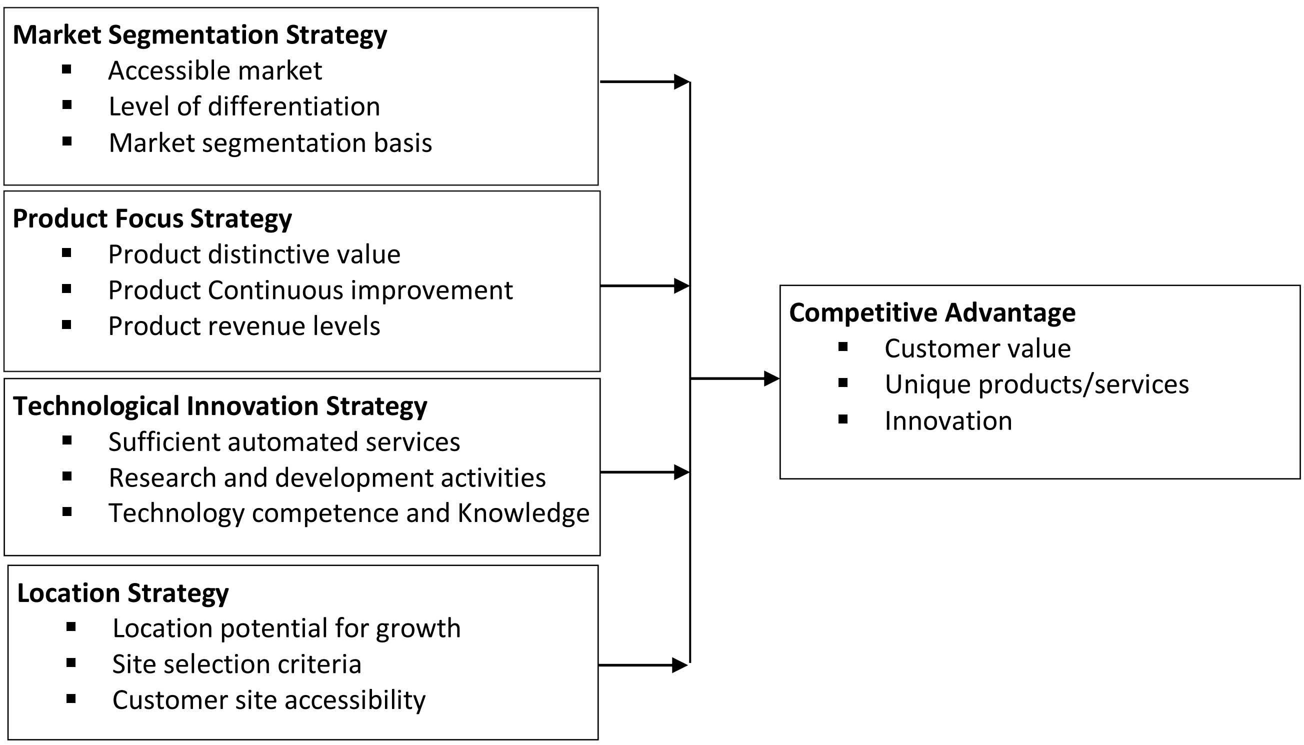
Previous researchers have demonstrated the significance of strategic positioning on competitive advantage of commercial banks. Ladipo and Ogbechi (2022) evaluated market segmentation strategy and organization performance in telecommunication industry in Nigeria. The study employed a descriptive research approach, using a self given questionnaire as the major data collection method. The research showed that telecommunications corporations have built strategic ties with other businesses. The research discovered that the marketing segmentation approach utilized by a company had a significant impact on the performance of its goods within the communications sector. Furthermore, it has been shown that the integration of diverse skills and capabilities from many firms enhances the overall performance of a product. The research revealed that telecommunication businesses engaged in research and development activities pertaining to their goods.

Product Focus Strategy and Competitive Advantage

Akintokunbo (2018) examined the influence of a product focus approach in connection to the organizational performance of telecoms companies in Port Harcourt, Nigeria. Participants in the cross-sectional design were executives from four telecommunications companies in Port Harcourt. A population of 134 people was assigned a sample size of 100 using the Taro Yamane technique, and the sample size was estimated using the simple random method. Data analysis and hypothesis testing were performed using descriptive statistics and Spearman's rank correlation. Empirical findings confirm a strong positive relationship between product focus strategies and organizational performance in telecommunications companies in Port Harcourt. It was revealed that a firm's competitiveness is positively and significantly impacted by its product focus approach.

Kulet, Wanyoike, and Koima (2019) conducted an assessment on the impact of a product focus strategy on organizational performance within the telecommunication sector in Kenya. The researchers used the usage of questionnaires as a means of data collection, and then analyzed the survey results using the SPSS. The data analysis included the use of Pearson Correlation and multiple regressions to evaluate the formulated hypotheses. The findings indicate that prioritizing customer comfort and satisfying their wants led to a significant positive reaction from consumers, resulting in the best level of customer satisfaction within the industry. This, in turn, contributed to exceptional organizational performance. In conclusion, the research determined that the implementation of a revised emphasis approach yielded a notable and statistically significant improvement in the operational outcomes of telecommunication businesses operating in Kenya.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source : Researcher (2023)

METHODOLOGY

This study used a descriptive research design. The study population consisted of three (3) executive managers drawn from 42 commercial banks operating in Kenya. The target population therefore included 42 operations managers, 42 customer service managers and 42 marketing managers giving a target population of 126. The study utilized census method; the sample size was taken as 126 respondents. The researcher used questionnaire instruments of data collection.

The study carried out a pilot study to pre-test and validate the questionnaire. The research consulted the university allocated supervisor to ensure the instruments are clear in terms of constructs, content and face validity. The supervisor approval facilitates necessary revisions and adjustments to the research instrument, thereby increasing its validity. The present study used Cronbach's alpha (Cronbach, 1951), a well-established measure of reliability, to assess the internal consistency and reliability of the Likert-type scales included in the research instrument.

The study included quantitative approaches and inferential statistics. The results were shown via the utilization of frequency tables, charts, and graphs. A multiple1regression model was used to assess the statistical significance of the effect of the independent variables on the dependent variable.

The data was analyzed1using1statistical tools to evaluate the goodness of fit of this regression model. The statistical significance of each independent variable was also assessed. The beta coefficients generated from the regression analysis was interpreted using adjusted R^2 and P Values. The adjusted R^2 helped determine the extent to which the variation of Y (competitive advantage) is influenced by changes in independent variables X_1, X_2, X_3 and X_4. The effect of independent variables (X_1, X_2, X_3 and X_4) was based on 5% significance level where the coefficient with less than 5% ($P<0.05$) value was deemed significant and vice versa.

FINDINGS AND DISCUSSIONS

Response Rate

The questionnaire was filled out by 126 respondents. The rate of return is shown in the following Table.

Table 1: Response Rate

Category	Frequency	Percentage
Respondent	120	95.2
Did not respond	6	4.8
Total	**126**	**100**

Source: Research Data (2023)

Results in Table 1 shows that out of 126 respondents collected by commercial banks in Kenya, 120 respondents responded with an overall response rate of 95.2% and only 6 respondents did not respond. The response rate was 4.8%. The overall survey response rate was 95.2%, which was considered adequate for data analysis based on Baruch and Holtom's (2014) recommendation that a response rate of 80% or higher is sufficient for data analysis. Therefore, the results of this study gained acceptance and credibility due to the high response rate.

Results of Descriptive Analysis

The study explored the impact of strategic positioning on competitive advantage of commercial banks in Kenya. The mean (M) and standard deviation (SD) were used to present the results of the quantitative data. The sections below contain the findings.

Market Segmentation Strategy and Competitive Advantage of Commercial Banks

The study sought to determine the effects of market segmentation strategy on competitive advantage of commercial banks in Kenya.

Table 2: Market Segmentation Strategy and Competitive Advantage of Commercial Banks

Statement	M	SD
The bank has established services that our customers consider to be distinctive.	3.96	0.445
The bank utilizes regional segmentation to provide products that are appropriate for a certain region.	4.43	1.219
Understanding specific client demands and attempting to address them are the foundations of the bank's distinctiveness.	4.78	0.782
Bank participates in demographic segmentation by designing products that correspond to certain demographic traits.	4.10	1.670
The bank has established services that our customers believe to be distinctive.	4.69	0.579
Understanding specific client demands and making an effort to address them are the foundation of the bank's differentiating strategy.	4.51	0.799
Aggregate Score	**4.41**	**0.916**

Source: Research Data (2023)

According to the findings in Table 2, which show an aggregate mean score of 4.41 with a standard deviation of 0.919.9, the respondents were in agreement that market segmentation strategy had an impact on the competitive advantage of commercial banks in Kenya. These results are consistent with a study conducted by Ladipo and Ogbechi in 2022, which assessed market segmentation strategy and competitive advantage in the Nigerian telecom industry. The study found that a company's marketing segmentation strategy had a significant impact on the competitive advantage of its products within the communications sector.

It was strongly agreed that understanding specific client demands and attempting to address them are the foundations of the bank's distinctiveness (M=4.78, SD=0.782), the bank has established services that our customers believe to be distinctive. (M=4.69, SD=0.579) and that understanding specific client demands and making an effort to address them are the foundation of the bank's differentiating strategy (M=4.51, SD=0.799). The finding agreed with Farhiya (2017) who examined market segmentation strategy as a means of gaining a competitive advantage at the Norwegian Refugee Council in Dolo Ado, Ethiopia and the research discovered that the crises that happened in the area of its operations, investors, and the strategic planning process were the elements taken into account by NRC in pursuit of market positioning.

It was agreed that the bank utilizes regional segmentation to provide products that are appropriate for a certain region (M=4.43, SD=1.219), bank participates in demographic segmentation by designing products that correspond to certain demographic traits (M=4.10, SD=1.670) and the bank has established services that our customers consider to be distinctive (M=3.96, SD=0.445). This finding concurs with Simiyu and Makhamara (2020) who studied market segmentation strategy and competitive advantage at G4S Kenya and the findings suggest that market segmentation plays a crucial role in improving the competitive advantage within G4S.

Product Focus Strategy and Competitive Advantage of Commercial Banks

The study sought to determine the effects of product focus strategy on the competitive advantage of commercial banks in Kenya.

Table 3: Product Focus Strategy and Competitive Advantage of Commercial Banks

Statement	M	SD
The bank has designed products with complete distinctive value	4.08	0.744
The unique products are available in all bank's platforms	4.27	1.130
We have continuous engaged customers in order to improve our products	3.64	1.361
The process of product improvement involves all stakeholders throughout the year	4.72	0.776
Each product has got its revenue stream	4.53	1.219
The products revenue streams has increased considerably	4.09	0.907
Aggregate Score	**4.19**	**1.001**

Source: Research Data (2023)

As evidenced by the aggregate mean score of 4.19 with a standard deviation of 1.001, the results in Table 3 demonstrate that the respondents were in agreement that the product focus strategy had an impact on the competitive advantage of financial institutions in Nairobi County, Kenya. These results are in line with those of a study by Akintokunbo (2018), which investigated the impact of a product focus approach in relation to the organizational performance of telecoms companies in Port Harcourt, Nigeria. The study's conclusions showed that a company's product focus strategy has a significant, favorable impact on its competitiveness.

It was strongly agreed that the process of product improvement involves all stakeholders throughout the year (M=4.72, SD=0.776) and each product has got its revenue stream (M=4.53, SD=1.219). The finding agreed with Kulet, Wanyoike, and Koima (2019) who conducted an assessment on the impact of a product focus strategy on organizational performance within the telecommunication sector in Kenya and the findings indicate that prioritizing customer had a significant positive influence on organizational performance within the telecommunication sector in Kenya.

It was agreed that the unique products are available in all bank's platforms (M=4.27, SD=1.130), the products revenue streams have increased considerably (M=4.09, SD=0.907), the bank has designed products with complete distinctive value (M=4.08, SD=0.744) and they have continuous engaged customers in order to improve our products (M=3.64, SD=1.361). The research by Njihia (2018), who looked at the effect of a product-focus strategy on the competitive position of financial institutions in Kenya, found that focusing on product offerings had a positive and notable effect on the competitive advantage of those institutions. The findings are in agreement with that research.

Technological Innovation Strategy and Competitive Advantage of Commercial Banks

The study sought to establish the effects of technological innovation strategy on competitive advantage of commercial banks in Kenya.

Table 4: Technological Innovation Strategy and Competitive Advantage of Commercial Banks

Statement	M	SD
Majority of the services are sufficient supported online	4.05	0.829
The customers can transact remotely with less costs	4.29	0.606
The automated systems are easier to use	4.11	0.835
The bank has invested much on research activities	4.52	0.558
The research has enabled the bank develop product lines	4.61	0.509
The employees have got the relevant knowledge to support the technology initiatives	3.99	1.001
Aggregate Score	**4.32**	**0.727**

Source : Research Data (2023)

As shown by the aggregate mean score of 4.32 with a standard deviation of 0.727, the results in Table 4 show that the respondents believed that technological innovation strategy had an impact on the competitive advantage of commercial banks in Kenya. These results are consistent with research by Tong and Rahman (2022), which looked at the impact of core technical competency on the competitive advantage of SMEs operating in the high-tech sector in China. The research's findings showed that infrastructure and technology, cutting-edge technology, innovative research and development capability, and organizational flexibility all had a significant impact on competitive advantage.

It was strongly agreed that the research has enabled the bank develop product lines (M=4.61, SD=0.509) and that the bank have invested much on research activities (M=4.52, SD=0.558). The findings are consistent with Amesho and Pooe's study from 2021, which examined how to manage technology and innovation for a long-term competitive advantage in the City Government of Taiwan. The study's findings revealed a strong correlation between managing technology innovation and the City Government of Taiwan's long-term competitive advantage.

It was agreed that the customers can transact remotely with less costs (M=4.29, SD=0.606), the automated systems are easier to use (M=4.11, SD=0.835), majority of the services are sufficient supported online (M=4.05, SD=0.829) and the employees have got the relevant knowledge to support the technology initiatives (M=3.99, SD=1.001). The finding concur with Wanaswa, Awino, Ogutu, and Owino (2021) who investigated the technology innovation and competitive advantage: empirical data from big telecommunications corporations and the results show that technical innovation has a large and advantageous impact on competitive advantage.

Location Strategy and Competitive Advantage of Commercial Banks

The study sought to establish the relationship between location strategy and competitive advantage of commercial banks in Kenya.

Table 5: Location Strategy and Competitive Advantage of Commercial Banks

Statement	M	SD
The bank is strategically located to take advantage of increased customer needs	3.30	1.494
The bank branches are easily accessible	4.48	0.856
The bank branches are in a conducive environment to allow safe transactions	3.34	1.722
The bank has invested much on research activities	3.93	1.070
The criteria used to select the locations is based on return on the invested money	4.78	0.879
The location enables the banks to reach as many customers as possible	4.45	0.549
Aggregate Score	**3.93**	**1.263**

Source: Research Data (2023)

According to the findings in Table 5, the respondents were in agreement that location strategy affected financial institutions' ability to compete in Nairobi County, Kenya as shown by the aggregate mean score of 3.93 and standard deviation of 1.263. The findings are in line with those of a study by Goldstein (2022), which sought to assess the effects of location, strategy, and operational technology on the performance of hospitals in the United States. The research conducted showed a significant relationship between the performance of hospitals and their geographic placement.

It was strongly agreed that the criteria used to select the locations is based on return on the invested money (M=4.78, SD=0.879). The findings agree with Kimeli and Burugu (2020) who showed that two factors, accessibility and security which had the ability to affect the competitive advantage of small hospitality businesses adequately described company location.

It was agreed that the bank branches are easily accessible (M=4.48, SD=0.856), the location enables the banks to reach as many customers as possible (M=4.45, SD=0.549) and stakeholder involvement ensures that the project plans are a reflection of the real needs and priorities (M=3.93, SD=1.070). The findings are consistent with Gachimu and Njuguna's (2017) study, which looked at the strategic positioning and financial success of financial institutions in Kenya. The results of the regression analysis suggest that the variable of location had a more significant impact on the financial success of the banks compared to the other three factors.

The respondents indicated neutral on the statements that; the bank branches are in a conducive environment to allow safe transactions (M=3.34, SD=1.722) and that the bank is strategically located to take advantage of increased customer needs (M=3.30, SD=1.494). The finding conflicts with those of Odhiambo and Wanjira (2019), who investigated the relationship between location strategies and competitive advantage of commercial banks in Kenya's Uasin Gishu County. Their research found a positive and significant relationship between location strategies and competitive advantage.

Competitive Advantage in Commercial Banks in Kenya

The study sought to determine competitive advantage in commercial banks in Kenya

Table 6: Competitive Advantage in Commercial Banks in Kenya

Statement	M	SD
The bank has reduced the cost of operations by automating many of its services	4.58	0.856
The low cost of operation has enhanced improved profit margins	4.61	0.509
The bank is the leader in the market thus reducing dependency on coping other banks strategies	4.78	0.782
The bank is not dependent on other banks to initiate new products and services	4.62	0.716
The technology has enabled the bank deliver services to a wide market	4.52	0.481
The technology has enabled many customers access the bank services	4.56	0.437

Source: Research Data (2023)

The respondents strongly agreed on the statements that the bank is the leader in the market thus reducing dependency on coping other banks strategies (M=4.78, SD=0.782), The bank is not dependent on other banks to initiate new products and services (M=4.62, SD=0.716), The low cost of operation has enhanced improved profit margins (M=4.61, SD=0.509), projects are delivered within the set schedule (M=4.61, SD=0.509), the bank has reduced the cost of operations by automating many of its services (M=4.58, SD=0.856), the technology has enabled many customers access the bank services (M=4.56, SD=0.437) and the technology has enabled the bank deliver services to a wide market (M=4.52, SD=0.481). According to Porter (1996), corporations establish a competitive edge by recognizing or finding new and improved methods of competition inside an industry and then introducing them to the market. This process may be seen as an act of innovation.

Inferential Analysis

Correlation Analysis

A Pearson correlation was used to establish the strength of the association between the study variables. The study findings presented in Table 7 indicate that there was a positive correlation between strategic positioning and competitive advantage of commercial banks in Kenya. The correlation was significant as indicated by a level of significance of 0.001.

Table 7: Correlation Analysis

		Market segmentation strategy	Product focus strategy	Technological innovation strategy	Location strategy	Competitive advantage
Market segmentation strategy	Pearson Correlation	1				
	Sig . (2-tailed)					
	N	120				
Product focus strategy	Pearson Correlation	.269	1			
	Sig . (2-tailed)	.217				
	N	120	120			
Technological innovation strategy	Pearson Correlation	.117	.014**	1		
	Sig. (2-tailed)	.192	.154			
	N	120	120	120		
Location strategy	Pearson Correlation	.253*	.245**	.303**		
	Sig. (2-tailed)	.308	.015	.007		
	N	120	120	120		
Competitive advantage	Pearson Correlation	.693**	.785**	.647**	.779**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	120	120	120	120	120

Source: Research Data (2023)

According to Table 9's findings, the correlation coefficients for market segmentation strategy, product focus strategy, technological innovation strategy, and location strategy were 0.693, 0.785, 0.647, and 0.779, respectively, against competitive advantage variable. These correlation coefficients are all closer to 1 and have a significant value of 0.00, which is less than 0.05. Therefore, the results indicate a positive correlation between strategic positioning and competitive advantage of commercial banks in Kenya This demonstrates a strong correlation, indicating that the competitive advantage was strongly correlated with the independent variables under study.

Regression Analysis

The study used a regression model to establish the effect of strategic position, strategic outsourcing, market segmentation and product focus, technological innovation and location strategy on the competitive advantage of commercial banks in Kenya. This enabled the study to answer the research questions. The results for the model summary are presented in Table 8.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709a	.741	.735	.454

Source: Research Data (2023)

The results in Table 8 show that 0.741 (74.1%) is the adjusted R-squared value, indicating the extent to which the competitive advantage of commercial banks in Kenya has been driven by market segmentation strategy, product focus, technological innovation strategy and location strategy. Therefore, the remaining percentage (25.9%) represented other factors not represented in the study.

Table 9: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	110.387	4	2.597	14.724	.000[a]
	Residual	20.284	115	.176		
	Total	130.671	119			

Source: Research Data (2023)

The value 0.000a indicates that the significance level is less than 0.05, which indicates the statistical significance of the model on how the examined market segmentation strategy, product focus strategy, technological innovation strategy and strategy of location have influenced the competitive advantage of commercial banks in Kenya. The calculated F value (14.724) is greater than the tabular F value (2.597) at a significance level of 5%, confirming the significance of the model.

Table 10: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.613	.321		1.91	.000
	Market segmentation strategy	.736	.057	4.26	12.91	.001
	Product focus strategy	.667	.083	1.42	8.04	.000
	Technological innovation strategy	.567	.139	2.04	4.08	.001
	Location strategy	.707	.067	1.16	10.55	.000

Source: Research Data (2023)

The results in Table 10 showed that if market segmentation strategy, product focus strategy, technological innovation strategy and location strategy were held constant, the competitive advantage of commercial banks in Kenya, would be 61.3%. The results also suggest that an increased market segmentation strategy would increase the competitive advantage of commercial banks in Kenya by 73.6%. A one-unit increase in product-focused strategy would increase the competitive advantage of commercial banks in Kenya by 66.7%. A one unit increase in technology innovation strategy would increase the competitive advantage of commercial banks in Kenya by 56.7% and a one unit increase in location strategy would increase the competitive advantage of commercial banks in Kenya, by 70.7%.

The study further established that the relationships ($p < 0.05$) was all significant with t values of market segmentation strategy ($t= 12.91$, $p < 0.05$), product focus strategy ($t= 8.04$, $p < 0.05$), technological innovation strategy ($t= 4.08$, $p < 0.05$) and location strategy ($t = 10.552$, $p < 0.05$). The findings agree with Gachimu and Njuguna (2017) who utilized a combination of primary and secondary data gathering methods in their study on market segmentation strategies and financial stability of commercial banks in Kenya and the findings of the research suggested that the profitability of commercial banks was positively influenced by factors such as a focus on marketing and product promotion, increased technical innovation, market segmentation, and expansion into overseas markets. The study concluded that employing a product focus strategy can lead to improved profitability.

Qualitative Data

Respondents were asked to indicate how market segmentation strategy impacts the competitive advantage of commercial banks in Kenya, and indicated that market segmentation helps banks identify the best prices to reach new customers and to set fixed prices for their products and services accordingly; product focus strategy is often used to produce, improve and enhance existing products rather than focusing on new products; technological innovation strategy enables banks to increase organizational productivity, improve collaboration, long-term goals and objectives and improve safety; a good location strategy enables banks to get the optimal location that meets their needs and goals.

SUMMARY

The study established that market segmentation strategy had a positive significant effect on the competitive advantage of commercial banks in Kenya. Understanding specific client demands and attempting to address them are the foundations of the bank's distinctiveness, the bank has established services that our customers believe to be distinctive and that understanding specific client demands, making an effort to address them are the foundation of the bank's differentiating strategy and the bank utilizes regional segmentation to provide products that are appropriate for a certain region.

The study revealed that product focus strategy had a positive significant effect on the competitive advantage of commercial banks in Kenya. The process of product improvement involves all stakeholders throughout the year, each product has got its revenue stream, the unique products are available in all banking platforms, the products revenue streams has increased considerably and the bank has designed products with complete distinctive value.

The study found that technological innovation strategy had a positive significant effect on the competitive advantage of commercial banks in Kenya. The research has enabled the bank develop product lines, the bank has invested much on research activities, the customers can transact remotely with less costs the automated systems are easier to use and majority of the services are sufficient supported online.

The study found that location strategy had a positive significant effect on the competitive advantage of commercial banks in Kenya. The criteria used to select the locations is based on return on the invested money, the bank branches are easily accessible, the location enables the banks to reach as many customers as possible and stakeholder involvement ensures that the project plans are a reflection of the real needs and priorities.

CONCLUSIONS

The study concluded that market segmentation strategy helps banks divide the market into distinct segments that share specific characteristics. Banks can therefore focus on the most profitable market segments. The study concluded that product-led strategy allows banks to maintain their competitive advantage by focusing on what they do best while keeping up with changing trends and technological advancements. The study concluded that technology innovation strategy saves a lot of time and banks can gain competitive advantage in the market by using the latest tools and technologies. The technology innovation strategy helps banks keep their costs to a minimum by automating services, thereby reducing the dependence on people in carrying out some necessary production processes. The study concludes that the bank's location strategy makes it possible to dissociate work processes from physical spaces..

RECOMMENDATIONS

The study recommended that banks begin evaluating their current market by first creating a successful market segmentation plan by analyzing the current market. Banks must choose a primary market segment by dividing the market into segments based on their analysis of the current market. Reconfigure their product or service by researching their product or service to see how well it fits this market segment and what you can do to adapt it to fit this segment.

The study recommended banks make conscious improvements when they know why customers use an existing feature and what they value about it. A conscious improvement only aims to improve functionality in a way that is appreciated by current users. Banks should often improve their products by adding more elements to an activity feed or adding more options to a search tool, leading people to read it more often or use it for more tasks every day.

The study recommended that banks set goals and a strategic approach to innovation and leverage the existing business model through continuous improvements and incremental/sustainable innovations. Establish their markets by knowing their customers and competitors, listening and understanding what their customers really want and eliminating the rest. Define your value proposition by examining what types of innovations allow your bank to leverage that value and gain a competitive advantage. Banks need to assess and develop their core capabilities by ensuring they have internal skills and knowledge.

The study recommended that commercial bank management should consider accessibility, operating costs, taxes and regulations, and the number of banks operating in the same location and competing in the same market. This will allow the bank to establish correct and effective positioning strategies in the market.

Suggestion for Further Studies

The study focused on the impact of market segmentation strategy, product concentration strategy, technological innovation strategy and localization strategy on the competitive advantage of commercial banks in Kenya. Therefore, the study recommends that further studies be conducted, focusing on other unexamined variables that influence the competitive advantage of commercial banks in Kenya.

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