EFFECT OF DIFFERENTIATION STRATEGY ON PERFORMANCE BY SELECTED CAR RENTAL BUSINESS, A CASE OF NAIROBI CITY COUNTY, KENYA

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ABSTRACT

The objective of this study was to determine the effects of differentiation strategy on performance of selected car rental business a case of Nairobi City County, Kenya. This study was a cross-sectional descriptive study design where purposive sampling technique was used to select fiftteen (15) car rental business in Nairobi City County. Stratified and simple random sampling technique was employed in recruiting three categories of respondents. The three category of staff included, top level, middle level and bottom level management. Structured questionnaire was used to collect primary data which was analyzed by Statistical Package for Social Science (SPSS) version 22. Descriptive statistics such as frequency, regression and correlation analysis was used to give the results of the study. The findings of the study revealed that differentiation strategy was statistically insignificant at P value greater than 0.05 by Chi-square and analysis of variance there by accepting the null hypothesis that differentiation strategy had no effect on performance of car hire business in Nairobi City County. Correlation analysis revealed a negative relationship between indicators for performance improvement and differentiation strategy used at r = -0.05. In addition, correlation analysis revealed that there was a positive relationship between the extent of performance differentiation strategy used at r = 0.096. Multiple logistic regression analysis showed that there was no significant (P >0.05) impact of differentiation strategy on performance. In conclusion, differentiation strategy adopted by the selected car rental business in Nairobi City County had no effect on their performance. The study recommended that the research be carried out using moderating effect of the car hire business on influence of differentiation strategy on performance.

Key words: Differentiation strategy, performance and car rental business

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INTRODUCTION

Performance remains a fact of life which can be felt in work, play or any activity where monetary attention can be deduced if necessary (Paul., Jim and Harinder, 2007). To understand the findings of measured performance, estimations, selection criteria and the procedures used during quantification must be well explained (Ittner and Larcker, 2003). Roles of responsibility (Cavalluzzo and Ittner, 2004), accountability to the public (Joyner and Raiborn, 2005) and to individual concerned in performance appraisal (Moer, 2005). Traditional understanding of performance is that presumption as a social character in the film (Robson, 2005). The use of standard finances can be among the techniques employed for catching performance by specific investigators (Folan and Browne, 2005).

It is vital to evaluate performance procedures because it gives a bearing on where a firm stands compared to competitor (Keung, 2000). Mounting concerns have risen in recent times that measuring of performance may not be sufficient (Bourne, Franco and Wilkes, 2003). To achieve the desired action plan, the process of production requires several organized invention activities (Berrah, Mauris and Vernadat, 2004). Performance entails programmed parameters where us measurement is the capacity to monitor actions and movement in a useful way (Morgan, 2004). In business context, performance entails executing an action subsequently determining it on the grounds of the action as carried out (Paul, 2007).

Porter (1980) outlined competitive strategy to include cost leadership, differentiation, location strategy and customer service and communication strategies. In competitive strategy a business employs the use of various methods to charm clients, endures pressure from competitor and progresses its current position. To achieve long standing strategy business should pursue a sustainable tactic that will give it competitive advantage founded on generic strategies (Grant, 2002). Management approaches that results in successful competition is a company's competitive strategy. The endeavors by a firm to satisfy customers, its aggressiveness and defensive maneuvers to counter rivals in the same industry fortifies its market position enabling it secure a competitive advantage (Bintiomari, 2010).

Richard, Devinney, Yip, and Johnson (2009) indicates that organization performance may be classified in three levels; the individual, the group and the organization. He further explained that there is no universal correct definition of performance but indicates that various attributes need to be observed in alignment with managerial success. Parameters of performance indicators include revenue growth, customer satisfaction, market share growth, profitability and productivity (Ortega, 2010). In an organization, performance is a complex interrelationship of seven criteria; effectiveness, efficiency, product and or service quality, productivity, quality of work life, innovation and profitability (Mc Kee, Varadarajan, and Willian 2006).

The transport industry is growing at a very fast pace in tandem with bulging population. According to Kenya National Bureau of Statistics, passenger transport in Kenya grew by 2.9% to a mass Kenya shilling 322.2 Billion in earning in 2015 alone (Kenya National Bureau of Statistics, 2016). In Nairobi City, business involving hiring of cars has been on the rise. In recent years, car hire business has been considered a booming business in the City. The amount of income generated by the car hire business in the City can be as low as Kenya shillings 2,500 per day depending on the make of the car and duration of the service rendered. The price withstanding one is required to fuel the car and return it promptly once the duration of the lease has expired to hire company in Nairobi (Wamugunda, 2014).

Car hiring in Kenya rents automobile for a short period of time, which varies from hours, days, or weeks. Car hire business operating in Kenya has been

known to have numerous branches located at different regions most having a website that allows clients to make on line reservations. Some care hire firms have provision for self-drive where us other provide a driver. There are over fifty car hire companies in Nairobi; Almaco car hire, Amco Taxi & car hire, Arrow car hire Ltd, Avenue car hire, Avis rent a car Ltd, Asul car hire, Tourline and travel Ltd, Trans Kenya safaris and travel, Waka car hire Ltd, Westlands car hire Ltd, Holiday safari Ltd, Bayo Ltd, Budget rent a car, Barnany car hire just to mention a few (Venasnews, 2016).

Problem statement

Performance is an outcome where us performance measurement entails the quantifying effectiveness and efficiency of an action (Kaplan and Norton 2001). An organization chooses to measure performance to determine if its current system that is in place is working. After conducting performance measurement, an organization can decide to establish a base line upon which improvement can be made, make decision based on solid evidence, demonstrate changes that changes leads to improvement, allows performance comparisons, and ensures improvements are sustained overtime.

Differentiation strategies are approaches adopted by an organization to succeed in a market where similar other organizations exist and offer similar services and/or goods. Local studies have been conducted on competitive strategies that have been adopted by different companies and organization to enable them wins customers over their competitors.

Supermarkets in Nairobi adopted differentiation strategies as a competitive strategy to achieve competitive advantage (Kinyua 2010). Petroleum industries in Mombasa chose to use cost leadership and differentiation strategies as a competitive strategy (Amir 2007). Airtel Kenya Limited used low cost strategy and differentiation strategy to win over consumers (Kamau 2009). Previous study done by Masai (2012) on the competitive strategies adopted by registered taxi firms in Mombasa County found out that the taxi firm adopted cost leadership and differentiation strategy. Report by Wamugunda (2014) observed that car hiring business is on the sudden rise with good returns.

As competition is on the rise business needs to be alert and develop strategies that will enhance their survival in the changing environment (Malburg, 2000). The level of competition in the car rental businesses has been increasing rapidly in the resent years. The car rental business seems to be facing challenges in implementing the competitive strategies due to the nature of organization structure and organizational culture. It is therefore evident that if a car rental businesses adopts competitive strategies that is in line with its organization structure and culture then it's likely to have a niche in this industry. It is on this basis that this study seeks to determine competitive strategies and performance that have been adopted by the selected car rental business in Nairobi City.

Government of Kenya intervention such as imposing of price controls, setting guidelines, policies, registration and licensing has had adverse effect on performance of car rental business affecting its profits and growth. The impact of government intervention depends on the nature of regulation being imposed.

Objective of the study

To examine the effect of differentiation strategy on performance by selected car rental business, a case of Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical review
Porter's Five Forces Model

Analyzing the five competitive forces is essential for an organization to boost competitive advantage. The profits achieved are dependent on how an organization adopts the utilization of the competitive

strategies (Porter, 2003). Studies have shown that when a firm implements the five competitive forces successfully, it will be easy for it to choose a generic strategy that will give it competitive advantage (Kitoto, 2005). Miller and Dess (2010) suggested that the generic strategy frame work could be enhanced by viewing cost, differentiation and focus as the three dimensions of strategic positioning.

Profitability of a firm is swayed by the five competitive forces existing in the industry (Porter, 1985). Generic strategies are interrelated to performance achieved by an organization when key strategic practices are utilized (Porter, 1998). Rivalry, danger posed by new entrance in the market, power of supplier and the buyers are the five forces of competition (Porter, 2008). Porter was on the view that these five forces shape a sectors competition and is on this basis that there is need to develop strategies.

Configuration Theory
Marketing events should be established in a way that accommodates strategies developed by an organization as this will improve performance (Douglas, and Neil, 2003). In a configuration theory the structure of an organization and environment in which it operates has an influence on performance (Fincham and Rhodes, 2005). To survive in the dynamic market forces an organization should endeavor to develop sustainable strategies due to environmental restrictions (Gao, Zhou, and Yim, 2007).

Empirical review
Differentiation and performance
Differentiation strategy entails the use of unique services and or product by a company (Dani, 2017). Differentiation on service, advertising and personnel affected performance of public universities to greater extent (Sifuna, 2014). Differentiation strategy significantly improved performance in Telecommunication companies in Kenya. Among the

differentiation strategies adopted by the Telecommunication companies included the use of innovation, product, pricing and market (Kyengo *et al.,* 2016). A study conducted in Kajiado, Kenya found that price differentiation strategy increased customer base which enhanced performance (Muraya, 2016).

Quality of service or product is perceived to be instrumental in differentiation strategy (Stock, 2009). The positioning of a brand making it unique from that which is being offered by the competitor best describes the differentiation strategy (Davidow and Uttal, 2005). Ogbonna and Harris (2003) viewed differentiation strategy as a way of minimizing competition, improving performance and enhancing competitive pressure in the industry. The uniqueness of service or product by a company enables it to alter the price with ease due to value addition (Baum and Oliver, 2011). Customer loyalty due to product or service brand cushions companies from the threats of five sources in the industry (Grant 2013).

Innovation, quality and customer service are considered valuable features which differentiation strategy aims at using in achieving competitive advantage to improve on performance (Reece and Pisano, 2009). To realize differentiation strategy buyers prerequisite and behaviors needs to be understood as vital and valuable (Barney, 2011). Companies can use sheer size, training of its employees, offering innovative products, re-engineering the existing products and embrace modern technology to attain differentiation strategy which will eventually influence performance. One of the Porter's important business strategy is the adoption of differentiation in products and or service to consumers (Reilly, 2012).

A differentiator as a competitive advantage should be on product and/or service whose characteristics differ from that being offered by competitor in the same industry (Thompson, Strickland and Gamble, 2008). Kenya commercial bank applied product

differentiation and differentiation focus to a significant level compared to cost leadership to enhance their performance (Awuor, 2011). In another study, commercial bank profit level increased positively when it adopted differentiation strategy as opposed to differentiation focus strategy (Oyiela, 2011). Differentiation strategy was also used to give one on one services to customers to improve on performance (Achoki, 2013).
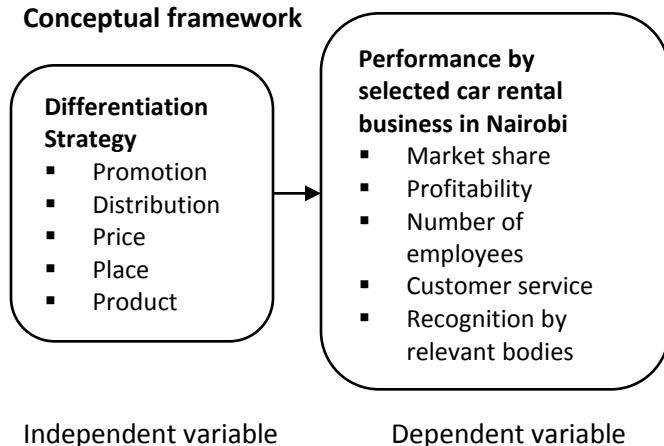
Conceptual framework

Independent variable   Dependent variable

Figure 1: Conceptual frame work
Source: (adopted from Porter model of 1980)

METHODOLOGY

Research design

This was a cross-sectional descriptive study design where both quantitative and qualitative approaches were employed. The quantitative method is that measurement that is valid, reliable and can be generalized with clear anticipation of the cause and effects (Cassell and Symon 1994). In this study quantitative approach was used to quantify the hypothesized relationship between dependent variable business performance and independent variable differentiation strategy. A qualitative approach was adopted to provide in depth understanding of the situation about differentiation strategies and business performance. An open ended question was used to meet criteria described by Cooper and Schindler (2008) about qualitative research. Research philosophy entails assembling and organizing information at the time of reviewing a subject of interest (Saunders, Lewis and Thornhill, 2016). Positivism is founded on the values of purpose, facts, legitimacy collected through direct observation, skills acquired over time and quantified empirically by means of quantifiable techniques, trials and statistical analysis (Erikson and Kovalainen, 2011). The justification of adopting a positivist research philosophy in this study was based on the fact that facts stems from people with experience (Tupou, 2013). This study highlighted that adoption of competitive strategies by top level, middle level and bottom level management would to a very large extent influence performance of car rental business in Nairobi City.

Empirical model

Empirical models capture the operationalization of variables into quantifiable parameters. It entails comparing null and alternative hypothesis. If the P-value is found to be less than (or equal to) α, then the study would reject the null hypothesis and accept the alternative hypothesis. However, if the P-value is found to be greater than α, the study should not reject the null hypothesis.

Table 1: Variables and Hypothesis

Variables		Hypothesis	Test
Independent variables	**Parameters**		
Differentiation	-Product range/variety of car models for	H0$_2$: Differentiation	Multiple regression:

strategy	hire - Geographical area of operation within Nairobi - Service line/Clients can reach main office	strategy has no significant influence on car hire business in Nairobi City	$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta Z + \beta Z *X + \mu$ Accept if 6 p<.05 or otherwise reject
Dependent variable	**Parameters**	**Hypothesis**	**Test**
Performance of car hire business (Y)	-Nairobi city ranking by the county residence -The number of clients -Revenue generated - Periodic compliments from client		

Source: Author (2018)

There were more than sixty car rental companies that were dully registered in Nairobi City County by Nairobi city council licensing department (Wamungunda, 2014). This study targeted 15 car rental business companies which were licensed by the Nairobi City council licensing department. The average number of employees working for these car rental business ranged from 10 to 20 depending on the size of the company. These car rental companies had three levels of management comprising of top level/administrative, middle level/executory and the low level/first line manager/operative. Since the study targeted 15 car rental businesses, the study sought to target the 45 top managers and the key person that was interviewed in this level of management was the operation managers, finance manager and marketing manager. The study sought to interview at least three employees in the top management in each of the 15 registered car rental businesses. In the middle level management, a total of 94 employees in all the 15 registered car rental business were interviewed. Approximately six (6) to seven (7) employees in each of the 15 registered car rental businesses were interviewed. The middle level management in each of the selected car rental business company was employees who controlled the overall activities. A total of 61 employees in the low

level of management were involved in the day to day operation representing the work force of the car rental business recruited. Out of the 61 employees in the low level management, between four (4) and five (5) employees in each of the car rental business were recruited and interviewed for this study.

On sampling, the study used 30% of 50 car hire companies settling to 15 registered and licensed cars rental business in Nairobi city. The targeted 15 car rental business had a total staff of 454 represented. A structured questionnaire was used to collect the primary data. The questionnaire was used on the respondent who were able to read write and respond to questions when called upon. Statistical package for Social Sciences (SPSS) version 22 was used as software to analyze quantitative data collected.

RESULTS
Effect of differentiation strategy on performance
This study had sought to explore the degree to which differentiation strategy impact on performance by looking at the outcome on selected car rental business in Nairobi City. The study evaluated the research question by viewing the findings of measure of central tendencies, correlation and regression analysis, chi-square tests and analysis of variance.

Descriptive statistics was used in the analysis and the outcome of the effect of differentiation strategy on performance by the selected car rental business in Nairobi City was presented as in table 2 where the respondent were asked to give their view (in a scale of 0-4) with regard to influence of differentiation strategy. The table was offered in two sections, A and B. Where part A showed differentiation strategy used and B the effect of differentiation strategy on performance.

Table 2: Frequency distribution of the effect of differentiation strategy on performance

Section A: Differentiation strategy used by selected car rental business in Nairobi City				
	Frequency	Percent	Valid Percent	Cumulative Percent
Product range/variety of car models for hire	171	85.5	85.5	85.5
Geographical area of operation within Nairobi	23	11.5	11.5	97.0
Service line/Clients can reach main office	6	3.0	3.0	
Total	**200**	**100.0**	**100.0**	**100.0**
Section B: Differentiation strategy affects performance by selected car rental business in Nairobi City				
	Frequency	Percent	Valid Percent	Cumulative Percent
Very large extent	164	82.0	82.0	82.0
Great extent	27	13.5	13.5	95.5
Moderate extent	9	4.5	4.5	
Total	**200**	**100.0**	**100.0**	**100.0**

Source: Author (field data, 2018)

As revealed in table 2, the study found out that the differential strategy being used by car hire business in Nairobi city was 85.5% (171) used a variety of product ranges in terms of car models, 11.5% (23) used geographical area of operation within Nairobi and 3.0% (6) adopted the use of service line and provided their clients access to their main office. It was also noted that differentiation strategy affects performance by 82% (164) to a very large extend, 13.5% (27) to a great extent and 4.5% (9) to a moderate extent. The finding of this study were in agreement with Sifuna (2014) who noted that differentiation on service, advertising and personnel affected the performance of public universities, in addition Kyengo et al., (2016) also observed that differentiation strategy improved performance in Telecommunication companies in Kenya.

Results of this study revealed that car hire business in Nairobi City County used diverse differentiation strategy to attract and retain customers. This approach was adopted by Reilly, (2012) where it was observed that companies can use sheer size, training of its employees, offering innovative products, re-engineering the existing products and embrace modern technology to attain differentiation strategy which will eventually influence performance. One of the Porter's important business strategy was the adoption of differentiation in products and or service to consumers (Reilly, 2012).

Chi-Square testing the effect of differentiation strategy on performance

Chi-square was used to confirm the strength of association between the effect of differentiation strategy on the extent of performance by selected car rental business in Nairobi City.

Chi-square was used to test significance level that the differentiation strategy had on the extent of performance by the car hire business in Nairobi City.

The findings shown in table 3 B indicated that there was no significant (P value 0.49) association between the differentiation strategy adopted by the car hire business in Nairobi City and extent of their performance. However, as indicated in table 3 A, it was observed that 95.5% (21) provided product ranges/variety of car models for hire to a very large extent on performance. The car hire business also provided product ranges/variety of car models for hire to, 89.1% (49) at a great extent on performance, 81.7% (85) provided product ranges/variety of car models for hire at a moderate extent on performance and 84.2% (16) provided product ranges/variety of car models for hire at a little extent on performance.

Findings of this study in table 3 noted that differentiation strategy had no significant effect on the performance of the selected car hire business in Nairobi City, County. Unlike the findings of this study, other studies by Awuor, (2011) observed that Kenya commercial bank applied product differentiation strategy to enhance their performance. In addition Oyiela, (2011) and Achoki, (2013) noted that differentiation strategy adopted by commercial bank increased profit level positively and improve on performance. The most likely reason why differentiation strategy adopted by car hire business did not influence performance could be due to inconsistent in customers demand.

Table 3: Chi-Square testing the effect of differentiation strategy on performance

Section A: A cross tabulation on the extent of performance and the differentiation strategy adopted by the car hire business in Nairobi City						
			Differentiation strategy used			
			Product range/variety of car models for hire	Geographical area of operation within Nairobi	Service line / Clients can reach main office	Total
Extent of performance	Very large extent	Count% within Extent of performance	21 (95.5%)	0 (0.0%)	1 (4.5%)	22 (100%)
	Great extent	Count% within Extent of performance	49 (89.1%)	5 (9.1%)	1 (1.8%)	55 (100%)
	Moderate extent	Count% within Extent of performance	85 (81.7%)	16 (15.4%)	3 (2.9%)	104 (100%)
	Little extent	Count% within Extent of performance	16 (84.2%)	2 (10.5%)	1 (5.3%)	19 (100%)
Total		Count% within Extent	171	23	6	200

		of performance	(85.5%)	(11.5%)	(3.0%)	(100%)

Section B: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
					99%Confidence Interval	
				Sig.	Lower Bound	Upper Bound
Pearson Chi-Square	5.463	6	0.486	0.490	0. 477	0. 502
Likelihood Ratio	7.833	6	0.251	0.321	0. 309	0.333

Source: Author (field data, 2018)

One-Way ANOVA of differentiation strategy on performance

A one-way Analysis of Variance (ANOVA) is a method employed to compare the variations between means of groups. This study conducted a one-way way ANOVA to test the difference that existed between indicators of performance and the extent of performance. Table 4 A and B showed the difference in means between the respondent's perception in regard to how the differentiation strategy affects performance.

Table 4: One-Way ANOVA of differentiation strategy on performance

Section A: Extent of performance					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.99	2	0.98	1.50	0. 23
Within Groups	128.01	198	0.65		
Total	130.0	200			
Section B: Indicators for performance improvement					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0. 37	2	0.19	0.59	0.56
Within Groups	61.79	198	0.31		
Total	62.16	200			

Source: Author (field data, 2018)

The finding from one-way ANOVA in table 4 A and 3 B indicated that there was no difference in mean on how differentiation strategy affected indicators for performance improvement and also the extent of performance at a P value of 0.56 and P value of 0.23 respectively. The findings showed that differentiation strategy did not significantly affect performance however the selected car hire business adopted the use of differentiation strategy to minimize competition and improve their performance. This approach was similar to Ogbonna and Harris (2003) who used it to enhance their competitive advantage in the industry. In addition Baum and Oliver, (2011) likewise provided uniqueness of service or product to improve on their performance. The likely reason why this study found no significant effect of differentiation strategy on performance could be due to customer devotion. A study by Grant, (2013) who recorded that customer loyalty due to product or service brand

cushions companies from the threats of five sources in the industry.

Correlation between differentiation strategy and performance

Correlation is a quantitative valuation of how any two variable equivocate each other. When there is a rise or fall between these two variables in parallel, then the correlation is held a positive. In the cases where one of the variable increases while the other decreases then the correlation is described as negative. Correlation analysis was done to quantity the strength of linear association between differentiation strategy, indicators for performance improvement and the extent of performance.

This study explored to find out if there was a significant correlation between the differentiation strategy, indicators of performance and the extent of performance by the car hire business in Nairobi City. Correlation analysis (table 5 A & B) revealed a negative relationship between indicators for performance improvement and differentiation strategy used at r = -0.05. In addition, correlation analysis revealed that there was a positive relationship between the extent of performance differentiation strategy used at r = 0.096.

Table 5: Correlation between differentiation strategy and performance

Section A: Correlation between differentiation strategy and indicators for performance improvement			
		Differentiation strategy used	Indicators for performance improvement
Differentiation strategy used	Pearson Correlation Sig. (2-tailed)	1	-0.05*
	Sum of Squares and Cross-products	40.88	0.481
Indicators for performance improvement	Pearson Correlation Sig. (2-tailed)	-0.05*	1
	Sum of Squares and Cross-products	0.481	62.16
Total		200	200
Section B: Correlation between differentiation strategy and the extent of performance			
		Differentiation strategy used	Extent of performance
Differentiation strategy used	Pearson Correlation Sig. (2-tailed)	1	0.096*
	Sum of Squares and Cross-products	40.88	0.176
Extent of performance	Pearson Correlation Sig. (2-tailed)	0.096*	1
	Sum of Squares and Cross-products	0.176	130.0
Total		**200**	**200**

Source: Author (field data, 2018)

Finding from table 6 showed a positive correlation between differentiation strategy and performance. This finding was in agreement with Thompson, Strickland and Gamble, (2008) who noted that differentiator as a competitive advantage should be on product and/or service whose characteristics differ from that being offered by competitor in the same industry.

Multiple logistic regressions of differentiation strategy on performance

Regression logistic analysis is a statistical method that is used to find out whether there is an existing relationship between variables in the study. Hypothesis testing involves relating the null hypothesis with research hypothesis. The null hypothesis is rejected when its likelihood falls below a prearranged significance level, in which case the hypothesis that is being tested is described to hold that level of significance.

The results on multiple logistic regression analysis was presented in table 6 where it was observed that there was a strong power of association (P value 0.086) between the great extent extent of performance, indicator of performance improvement and product range/variety of car models for hire. The findings from table 6 further revealed that there was a strong power of association at P value 0.083 between the moderate extent of performance, differentiation strategy and indicator of performance improvement.

Table 6: Multiple logistic regression of differentiation strategy on performance

Extent of performance		df	Sig.	Exp (B)	95% Confidence Interval for Exp(B)	
					Lower Bound	Upper Bound
Very large extent	performance improvement	1	0.566	0.611	0.154	2.42
	Product range/variety of car models for hire	1	0.484	1.362	0.079	23.58
	Geographical area of operation within Nairobi	1	0.832	2.37	2.37	2.37
	Service line/Clients can reach main office	1	.	.	.	.
Great extent	performance improvement	1	0.189	0.358	0.111	1.154
	Product range/variety of car models for hire	1	.086*	3.20	0.186	55.08
	Geographical area of operation within Nairobi	1	0.42	2.36	0.092	60.29
	Service line/Clients can reach main office	1	0.60	.	.	
Moderate extent	performance improvement	1	0.083*	0.430	0.14	1.33
	Product range/variety of car models for hire	1	0.14	1.86	0.18	19.2
	Geographical area of operation within Nairobi	1	0.604	2.58	0.17	38.97
	Service line/Clients can reach main office	1	0.49	.	.	.

Source: Author (field data, 2018)

The results on multiple logistic regression analysis from table 6 revealed that was a strong power of association (P value 0.086) between the differentiation strategy and performance. This was in agreement with Stock (2009) who reported that the quality of service or product is perceived to be instrumental in differentiation strategy (Stock, 2009). Further to that Davidow and Uttal, (2005) also reported that positioning of a brand makes it unique from that which is being offered by the competitor best describes the differentiation strategy.

CONCLUSIONS

Despite stiff competitions that existed in Nairobi City County, the car hire business was still considered a lucrative venture to consider. Differentiation strategies were idiosyncratic tactics used by car hire business to succeed in the market. Under differentiation strategy, product range/variety of car models for hire was widely used, discount for self-drive was used. It was worth to mention that differentiation strategy was considered statistically insignificant as a result the null hypothesis was accepted and the alternative hypothesis rejected.

RECOMMENDATIONS

To begin with, this study used a cross-sectional descriptive design, therefore a longitudinal design should be considered to measure the variables in plenty of time.

In addition, the study recommended that the research be carried out using moderating effect of the car hire business on influence of differentiation strategy on performance.

Further to that, the study should measure the employees of the car hire business as transformation agents within the car hire business.

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