

INFLUENCE OF COMPETITIVE STRATEGIES ON CUSTOMER SATISFACTION OF DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN NAKURU COUNTY, KENYA

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Abstract: Savings and Credit Cooperative Societies despite their crucial role of providing financial services to the unbanked, and their geographical spread, have been challenged by the competitive forces as a result of concentration of financial service providers in the market. The study examined the influence of product differentiation strategies and market innovation strategies on customer satisfaction in SACCOs in Nakuru County, Kenya. The Porter's generic competitive strategies and technology acceptance model guided the study. The researcher used descriptive survey design. The accessible population encompassed the 20 deposit-taking Saccos operating in Nakuru County. A simple random sampling technique was employed to select a sample of 384 customers. Questionnaires were used to assist in data collection. The questionnaire was pilot tested to assess its validity and reliability before its use in the main study. Both descriptive and inferential statistics were used in the analysis of the collected data. The results of the study established that product differentiation strategy and technology innovation strategy had a positive relationship with customer satisfaction. It was concluded that high technological improvements, the aforementioned firms should engage in new, improved ways and innovations to ensure they firmly stay competitive as well as maintain high-end service quality. Furthermore, the study recommended that the Saccos ought to engage their clients on ways of improving their services, for example through customer satisfaction surveys and implement the findings.

Keywords: Competitive strategies, customer satisfaction, deposit-taking Saccos, differentiation strategies, market innovation strategies.

1. INTRODUCTION

Background of the Study

Globally organizations face challenges to gain a competitive edge and retain customers. Increasing competition, congested markets with little distinction of products indicate that today's industry players need to alter their focus. To succeed in building a sustainable competitive advantage, an organization needs to have competitive strategies that distinguish it from other organizations. Competitive strategy is a particular approach which firms plans to use to attain competitive edge in the commercial industry; it is scan for a great aggressive position in an industry. According to Winterboer [1] the worldwide prospect or view for financial services is intact but the increase of interrupters in the market; more so from unforeseen places has stimulated the need for financial services to reevaluate their techniques. It additionally implies that advancement and innovation have moved a couple of indents up on their plans.

The impact of co-operatives in the world economy is both extensive and impressive. It is approximated that there are 800 million people globally, who are members of the co-operatives and 100 million are employed by co-operatives. In nearly all developed countries, they have been the main contributors to economic growth and poverty alleviation. Europe has 58,000 cooperatives, with a membership of 13.8 million. In the US, there are an estimated 72,000 cooperatives with over 140 million members, including 90 million members of SACCOs. Co-operatives are more sustainable than other entities and boast impressive survival and growth rate. Terrestrial application of Porter's Generic strategies by institutions like Savings and Credit Cooperatives (SACCOs) therefore includes a sequential process of environmental screening and close observation as well as gaining aggressive competitive knowledge on current and potential financial players.

How to counter the competitive pressure in these business environments (distributors, opponents, new comers, substitute products, customers) depends with a clear competitive strategy. It is argued that competitive strategies are helpful for a firm when creating its primary perspective to achieving a superior position through minimal cost, product distinction, niche market and market position it intends to accomplish, and its concentration and strategy for development [2].

Population is increasingly becoming part of the designed monetary system with elements unique to the African market, for example, cell phone innovation and its widespread, powering growth. Africa Confederation of Cooperative Society Savings and Credit Association (ACCOSCA) recognizes the growing pressure for offering competitive and innovative products and services to the members and as such appreciates the need for credit Unions to adjust to the realities of doing business in a global dynamic world by integrating new techniques like ICT, promoting professionalism so as to enhance efficiency in service delivery to their members [3].

Cooperative development in Kenya is the most vigorous in Africa contributing for 63 percent of the continent savings, loan and assets in that order [4]. Furthermore, it accounts for 45% of country's Gross Domestic Product (GDP) forming one of the largest contributors in the universe. This is evidenced by its recognition in the world council of credit unions (WOCCU) 2013 conference in Canada, where it won an award for the fastest growing Sacco movement globally.

There are two groups of cooperative societies in Kenya; they are Non-Deposit taking Saccos and Deposit Taking Saccos [5]. Non-Deposit taking Saccos give a restricted scope of funds and credit items, and are enrolled and directed under the Cooperative Societies Act -act no 49. The Deposit Taking Saccos (DTS) other than the essential reserve funds and credit items, additionally give fundamental banking services through front office service activity (FOSAs) and are authorized and directed under the Sacco Society's Act of, 2008. The SACCO Societies Act of 2008 was established to accommodate the permitting, guideline, supervision and advancement of deposit taking savings and credit co-operative societies.

The front office service activity (FOSA) has emerged as the main investment for Saccos; it has made them to compete effectively with other financial institutions. The financial operations of FOSAs involves handling a huge financial portfolio and the diversity of the deposit taking market provides Kenyans with the choice of different institutions to meet their financial needs and in this, SACCO in the best choice. Deposit taking Saccos are a great tool for members to channel their savings, returns from these deposits which are given out to members as annual dividends can be high compared to depositing money in other financial institutions. In addition, the establishment of common bond by Saccos has assisted to build a strong financial base hence enabling them offer more financial support to their customers [4].

The Sacco Supervision Annual Report 2017 indicates that there are more than 5,000 registered Saccos out of which 174 SACCOs duly licensed to accept deposits from members and operates 464 branches across the country. The total assets portfolio of DT-SACCOs grew to reach Kshs 442.27 Billion from Kshs 393.29 Billion in 2016 reflecting 12.4% growth rate. In the previous year however, the total assets grew by 14.8% representing almost 2.4% drop in the growth rate. The gross loan portfolio also increased by 11.3% in 2017 to reach Kshs 331.21 Billion from Kshs 297.6 Billion recorded in 2016. The loan portfolio was however principally funded by deposits which registered an aggregate growth of 12.01% to reach Kshs 305.3 Billion in 2017 from Kshs 272.58 Billion recorded in 2016. The growth rates in both the gross loans and the total deposits however registered marginal declines in 2017 [6].

Deposit Savings and Credit Cooperative Societies in Kenya however, have been tested in their situation by the competitive powers due to many players in the market place offering financial services .The SACCO sub sector should nonetheless brace itself for stiff competition from the growing number of financial service providers especially with the rise in popularity of the digital credit services, Consequently, in order to successfully compete with other players; SACCOs must immediately delve deep into the innovative world of repackaging their financial service and product offerings to address issues of efficiency; customer convenience; reliability of their services; improved accessibility; public confidence; and security of customer data and information.

Statement of the Problem

Previously the overall financial performance of DT-SACCOs remained on a relatively healthy upward growth trajectory (SASRA, 2017). SACCOS have continuously contributed to a crucial part of offering commercial services in remote and low income population in towns. Saccos provide an alternative avenue for people not served by formal banks [7]. Customers seeking financial services from SACCOs in Kenya however remains static at 3.6 Million individual persons in 2017 as it was in 2016 [6]. This static numerical strength is evidence of stagnation in growth rate in 2017, as compared to 2016 when there was a growth rate of 17.5% in the total membership. In the same time growth of market in the banking sector remained resilient despite the backdrop of turbulence in 2017, characterized by interest rate capping, unfavorable weather conditions and a prolonged electioneering period as evidenced by Customer deposits increase by 10.75 percent from Ksh.2.62 Trillion in December 2016 to Ksh.2.90 trillion in December 2017.

The SACCO sub sector therefore experiences difficulties of pulling through as a result of overall slackening of growth rate compared to previous years and more so stagnation of customers despite its geographical spread especially compared to other financiers in the nation [6]. Meanwhile the growth of customer deposits in the banking sector was attributed to increased deposit mobilization by banks as they expanded their customer outreach and leveraged on digital platforms. This drift in customer slackening of SACCOS as compared to the resilience in the banking sector is attributed to competition from banks that have adopted competitive strategies, enabling them to offer better and more differentiated services and products such as accessible payment accounts and auto credits via cell phone and web platforms.

Various studies have been interested in the notion of customer satisfaction and have attempted to find the connection between competitiveness and magnitude of customer satisfaction. Ongongo [8] studied the customer retention strategies adopted by commercial banks in Kenya while Tindi and Bogonko [9] studied the effects of agency banking on customer satisfaction in the banking industry in Kenya. It is evident that there is little empirical research done in Kenya with regards to influence of competitive strategies on customer satisfaction in SACCOs. This leads to a gap that the study proposes to fill.

Objectives of the Study

General Objective

To examine the influence of competitive strategies on customer satisfaction of Deposit Taking Savings and Credit Cooperative Societies in Nakuru County.

Specific Objectives

- i. To establish the influence of product differentiation strategies on customer satisfaction in Deposit Taking Savings and Credit Cooperative Societies in Nakuru County.
- ii. To establish how market innovation strategies influence customer satisfaction in Deposit Taking Savings and Credit Cooperative Societies in Nakuru County.

Research Hypotheses

H₀₁: Product differentiation strategies do not have significant influence on customer satisfaction in Deposit Taking Savings and Credit Cooperative Societies in Nakuru County.

H₀₂: H₀₁: Product differentiation strategies do not have significant influence on customer satisfaction in Deposit Taking Savings and Credit Cooperative Societies in Nakuru County.

Theoretical Framework

Porters Generic Strategies

Porter, in his book on competitive strategy, states that rivalry is at the center of the achievement or downfall of firms [10]. The suitability of firm deeds that can add to its execution, for example, developments, a well-integrated culture, is controlled by rivalry. Scholars in the field of strategy concur with Porters generic theory that is an aggressive arrangement game plan that identifies with overall activities and gives an ability to know the inclination of an association [11].

Competitive strategy theory clarifies plans utilized by firms to make business activities to accomplish reasonable upper hand against rivals [12]. Subsequently a firm utilizes the competitive theory to execute methodologies to draw clients, endures aggressive weight, and improves their market position. Porter's generic strategy helps organization gain an upper

hand. In order to do so Porter's plotted three generic strategies. The first is cost which is the capacity to create items for less expensive than rivals, second is differentiation which is the capacity to deliver a superior item than the contenders and third is focus which is concentrating on a market specialty.

Porters (1985) further affirm that a firm performs best by picking one technique on which to focus. In any case, numerous creators contend a mix of these procedures may offer an organization the most obvious opportunity to accomplish predominant execution [11]. Whatever system a business picks, it must fit with the organization and its objectives and targets to perform well [13].

Porter's theory of conventional focused systems can be utilized to clarify aggressive techniques that Deposit taking SACCOs may embrace in the dynamic monetary segment in Kenya. For example, these SACCOs may receive cost-initiative system dependent on the assets that they have then offer the best administrations to their clients with ease when rivalry sets in. In addition, the SACCO may utilize the accessible assets to create capable work force and solid data frameworks that add to the arrangement of separated first class administrations to clients. By doing so, they are probably going to ward off the danger presented by substitutes.

Technology Acceptance Model

The technology acceptance model is expansively used to explain an individual's reception of an information system; assessed helpfulness and assessed convenience; impact innovation reception through frames of mindful attitude and goals. According to Davis, Bagozzi and Warshaw, other external factors, (for example, social net, framework/product/brand, or individual factors) can likewise impact use; nonetheless, no investigation examines these factors on the gap to figure out which kind of externalized variable has the most effect on acknowledgment, and how it impacts acknowledgment or rather acceptance [14].

Speculations and models utilized and identified with the advancements, acknowledgment and utilization of new innovation are many. For example, concentrating on the innovative issues [14] progresses the Technology Acceptance Model (TAM)). This model relates the people's conduct expectations and his/her ICT use. It is proposed that, the real conduct of an individual is controlled by his social goal to utilize, which is thus affected by client's disposition toward and convenience of the innovation. In any case, frame of mind and saw convenience are both control & usability. Embracing the TAM mode requires the comprehension of end-clients' necessities in regards to convenience and ease of use [15]. From this model, helpfulness and ease of use influence clients' demeanors towards any administration.

It is recommended that it is vital to value client prerequisites dependently on handiness and the ease of use of the innovation as opposed to other target measure [14]. Evaluates of this model are coordinated to its tendency to the innovative/specialized parts of the innovation being referred to disregarding different factors, for example, social aspect part of the clients. Practically speaking, imperatives, for example, constrained capacity, time, ecological or authoritative points of confinement and oblivious propensities will restrain the opportunity to act. It is intriguing to recognize the variables that lead to acknowledgment of web banking by the clients [16].

This theory is applicable to this study in that the financial sector is growing towards technological innovation and therefore the players in the industry especially the Saccos must strive to develop technologies which their customers perceive as useful and user friendly therefore instilling confidence in them. It can be done by developing applications that have ability to provide users with orientation. Also provisions of wide range of products that will enable customers achieve a great deal of digital applications from the most sophisticated to the least sophisticated ones

Empirical Review

A great number of investigators in their past studies have dealt on the subject of Competitive strategies and its influence on business organizations in various directions. An investigation done by Teeratansirikool, Siengthai, Badir, & Charoenngam on the examination of the mediating role that performance measurement contributes in the correlation among competitive strategies and firm performance case study of Thai listed firms [17]. The outcome showed that the overall competitive strategies had a positive and significant contribution towards organizational performance through performance measurement. Differentiation strategy analysis produced direct and indirect crucial effects as cost leadership only had indirect impacts on firm performance through financial measures. Relevant gaps were distinguished on the need to partake a local study on the same topics for more appropriate outcomes. More gaps were likewise recognized on the importance of extending competitive strategies analyzed to include a paradigm on market focus as well.

A local study investigated the influence of competitive strategies on the performance of public universities in Kenya [18]. The outcome resulted to significant influence of Cost leadership, differentiation and market focus on the performance of public universities. From the study, relevant gaps were presented on the necessity to switch attention from private institutions to the commercial sector especially Saccos.

Moreover, another study on the other hand, examined the impact of competitive strategies on the performance of mission hospitals in Kenya where the focus was on Kijabe Mission Hospital [20]. The outcome identified cost leadership with the greatest impact on performance of the mission hospitals in Kenya then Market Focus follows and differentiation strategy was consequential though produced the slightest impact on performance of the mission hospitals in Kenya. Gaps were identified on the requirement to shift from single organization approach that could give prejudiced results about the whole sector. Additionally, relevant gap exists on the need to move concentration to the business sector previously less targeted.

A study by Karanja analyzed the relationship between innovation strategies and competitive advantage in the United Bank of Africa Limited in Kenya [21]. Results exhibited that UBA seek to serve the Kenyan commercial sector through market division for instance UBA was in a position to give out tailor-made monetary services for the several of market segmentation. Another examination on internet banking found out that these banks were the superior banks with greater effectiveness in their performances in comparison with conservative banks [22].

A research on microfinance institutions revealed that MFIs had new innovative services like mobile banking, SME loans, business accounts, school fees loans, partnerships and financial trainings [23]. From the findings it was concluded that financial innovations in MFIs led to flourishing of these institutions inform of product numbers, markets share, overall profitability and loan sales. In that case, when Saccos initiate and empower group microfinance lending in Kenya, multitude of customers involving those who do not have surety to offer in order to get a loan facility subscribed to the loan facilities that were available. In this manner there is a tendency of Saccos expand at a faster rate because most of Kenyan population is poor. The innovation strategy based on group lending therefore will empower majority of low-paid borrowers who otherwise would not have accessed any credit facility. Once more, a larger customer base will be attained by Saccos. This study therefore will be able to establish the influence of competitive strategies on customer satisfaction of SACCOS in Nakuru County.

Conceptual Framework

A conceptual framework outlining the study variables is presented in Figure 1. The framework also illustrate the hypothesized relationship between study variables. There are two sets of variables, that is, product differentiation strategies and market innovation strategies. Customer satisfaction is the dependent variable. It was presumed that there existed a relationship between each of the aforementioned independent variables and customer satisfaction with regard to deposit-taking Saccos.

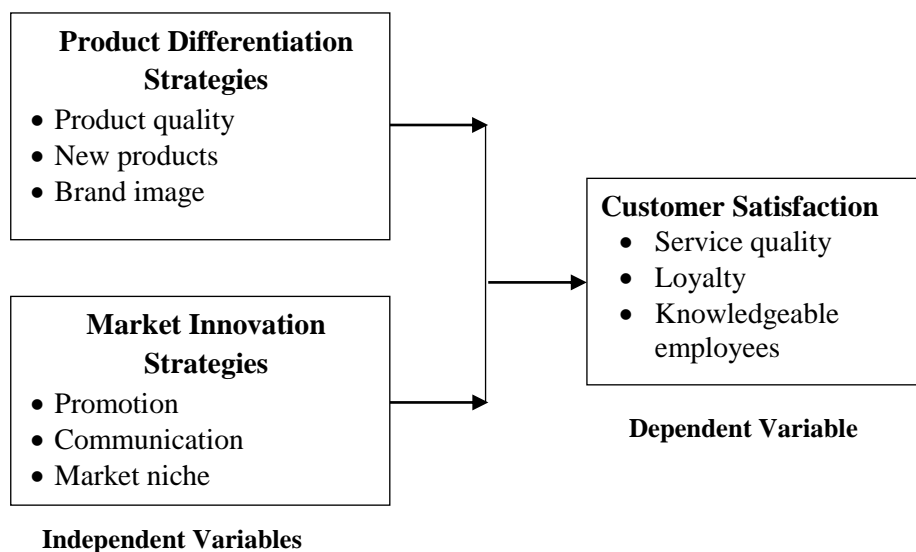


Figure 1: Conceptual Framework

2. RESEARCH METHODOLOGY

Research Design

Descriptive research survey design was used. The design of the descriptive survey allowed the research scientist to effectively restate and coordinate data [24]. It supplied tools to describe statistical observation compilations and to reduce information to a justifiable form. Concise research layout also actually helped comprehend a group's characteristics Offer ideas for any further testing and research from a subgroup and in a given scenario and assist in making certain judgments [25]. This design is suitable because the researcher intended to collect quantifiable information from the sample that describes existing relationship between variables.

Target Population

Population is generally a big group of individuals or object that is the main focus of an investigation. Target Population of a study is a group of individuals taken from the general population who share common characteristics and can be used to generalize certain phenomena found in SACCOs. The target population of this study were all customers from the 20 Deposit Taking SACCOs found in Nakuru County.

Sample Size and Sampling Techniques

Sampling means selecting a given number of subjects from a defined population as representative of that population [26]. In many cases, sampling is more feasible than studying the entire population and although no sample can be guaranteed to be fully representative, it serves the purpose of obtaining a result that is representative of the gap population being sampled without going to the trouble of asking everyone.

The researcher used simple random sampling technique to choose the sample size since every person in population is equally likely to be chosen as part of the sample. Simple random sampling was used to pick out the customers as they visit the SACCOs. It was proper since the whole population is quite big, varied and randomly distributed, therefore random sampling method assisted to get the required purpose. The sampling method offered each respondent in the population same opportunity of being included in the sample.

A sample is a part of the population of interest. The objective for sampling is to acquire an insight regarding certain characteristics or attributes of the entire population based on the features of the sample. Since the population of the study was large or unknown, Cochran's formula [27] was used to obtain the sample size of the study as outlined below.

$$n = \frac{z^2 pq}{d^2}$$

Where:

n=desired sample size (assuming unknown or large population)

z=the standard normal deviation set at 1.96, that is, 95% confidence level

p=the proportion in the target population. If there is no reasonable estimate, use 50%

q=1-p

d=the degree of accuracy desired, here set as 0.05

$$n = \frac{1.96^2(0.25)}{0.05^2}$$

n=384

n=384 respondents

A sample of 384 respondents was selected.

Data Collection Instrument

Questionnaires were used to obtain information from the SACCO customers. The questionnaire was valuable since it quickly and efficiently gathers information. It is also feasible to use the survey for descriptive, correlation and inferential empirical data analysis [28]. The questionnaire had close ended questions and it had a five point Likert scale commonly used in social sciences to measure perceptions, attitudes, values, and behavior.

The Likert type of questions encouraged the answering of questions easily. Furthermore, these encouraged the statistician to effectively implement the quantitative approach using statistics for quantitative reasoning. There were three sections in the questionnaire. The very first section produced background information of the respondents. The second section had statements on the independent variable and the third section had statements on the dependent variables. The researcher constructed questionnaires, which were administered to the SACCO customers.

Data Collection Procedure

Before the data collection exercise begins, the researcher sought approval from the Jomo Kenyatta University of Agriculture and Technology post graduate school and National Commission for Science, Technology and Innovation (NACOSTI). Once the approval is obtained, it was presented to the managers of the SACCOs. Once the researcher is given an okay, the researcher then proceeded to collect the data using questionnaires. The instrument was self-administered and used research assistants to assist customers fill the questionnaires as they visit the Saccos. The researcher provided an opportunity to establish rapport with the respondents.

Pilot Study

Before embarking on the actual research, a preliminary study was undertaken to ascertain the validity and reliability of the research instruments; validity and reliability of the survey used for this study was tested by the research associate pilot. The retesting of the dependability of data gathering instruments requires a pilot study [26]. One tenth of small sample size is necessary for pilot testing [29]. Therefore, questionnaires were tested on 2 SACCOs from Baringo County that are selected randomly from the target population. Piloting of the instruments was done using 39 Sacco customers. The pilot research carried out to refine the questionnaire, identify shortcomings in the survey and foresee any practical problems even during the actual survey.

Validity and Reliability of the Research Instrument

During questionnaire development, various validity checks was conducted to guarantee the instrument measure what it should gauge. Validity/legitimacy is the degree to which data collection instrument precisely quantify what it should estimate [30]. Validity of the research questionnaire was determined by consulting the supervisor assigned by the University. The supervisor closely analyzed the content of the questionnaire, and his opinions were factored in during development of the final research instrument.

Reliability is the degree to which outcomes are stable over time [26]. The Cronbach's alpha coefficient was used to test the reliability of the research questionnaire. The questionnaire was considered reliable after all the study constructs returned alpha coefficients of above 0.7 [31]. The results of the reliability test are presented in Table 1 below.

Table 1 Reliability Statistics

Study Variables	Cronbach's Alpha	Number of Items
Product differentiation strategies	0.872	8
Market innovation strategies	0.865	9
Customer Satisfaction	.928	12

Data Analysis and Presentation

The collected data were screened in order to address outliers. The clean data were analyzed with the aid the Statistical Package for Social Sciences (SPSS) Version 24.0 tool. Both descriptive statistics and inferential statistics were used to analyze the data. The results of the analyses were presented in tabular form and were accompanied by pertinent interpretations and discussions. The following univariate regression model was adopted.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Y	=	Customer satisfaction.
X ₁	=	Product differentiation strategies
X ₂	=	Market innovation strategies
ε	=	Error term
β ₀	=	Constant
β ₁ and β ₂	=	Beta coefficients of independent variables

3. RESULTS

Response Rate

Data from customers of deposit-taking Saccos in Nakuru County were collected. A total of 384 questionnaires were distributed; 334 were completed and returned. This represented a return or response rate of 87%. Response rate was considered satisfactory since it was above 75%, a threshold which was deemed excellent as well as population representative [32].

Descriptive Results, Interpretations and Discussions

This section shows the results of descriptive statistics with regard to product differentiation strategies, market innovation strategies, and customer satisfaction respectively. The data collected and subsequently analyzed were on a 5-point Likert scale where integers 1 to 5 represented strongly disagree to strongly agree.

Product Differentiation Strategies

On product differentiation variable, majority of the customers agreed that new products and services were well tailored to customer specific needs (4.04) and the SACCO provides value added services such as trainings and financial advisory (3.81), by offering superior quality products (3.82) and improved products to customers (3.83). They agreed that competitive interest rates were offered on deposits and investments products (3.74), that had unique brand image (3.78) and developed new products different from current ones (3.66), that had unique product and service offering (3.71). This gave the standard deviations in the range of 0.84 and 1.00, skewness ranged between -0.44 and -1.00 while kurtosis was between -0.08 and 0.64 respectively as shown in Table 2.

Table 2: Descriptive Statistics for Product Differentiation Strategies

Strategies	Mean	Std. Deviation	Skewness	Kurtosis
New products and services are well tailored to customer specific needs	4.04	1.00	-1.00	0.58
The Sacco Provides Value added services such as trainings and financial advisory	3.81	0.91	-0.64	0.17
Offers superior quality products	3.82	0.84	-0.67	0.64
Improved products to customers	3.83	0.95	-0.64	0.14
Competitive interest rates offered on deposits and investments products	3.74	0.95	-0.68	0.46
Has Unique brand image	3.78	0.90	-0.44	-0.08
Developing new products different from current ones.	3.66	0.93	-0.65	0.51
Has Unique product and service offering	3.71	0.91	-0.74	0.59

This implies that product differentiation strategies are established in deposit taking savings and credit cooperative societies in Nakuru County through new products and services were well tailored to customer specific needs, the SACCO providing value added services such as trainings and financial advisory, offering superior quality products and improved products to customers. The competitive interest rates were offered on deposits and investments products, that have unique brand image, developed new products different from current ones and with unique product and service offering. Differentiation strategy has wide varied characteristics such as price, design, product and service features, customers, technology, and other elements [33].

Market Innovation strategies

On market strategy most of the respondents agreed that creative communication channels to reach customers (4.05), customer relationship management practices (3.75) and quality feedback on customer complaints and inquiries (3.72). There was staff interaction with customers (3.74), products and services offered to highly differentiated market (3.92), opening of new branches to accommodate new customers (3.79). There was entry into new markets (3.60), offering customized products to customer segments (3.47) and aggressive anti-competitors marketing campaigns (3.71). The standard deviations in the range 0.87 to 0.99. Skewness ranged between -0.17 and 0.74 while kurtosis ranges between -0.06 and 0.28 as shown in Table 3.

This result indicated that the market strategy attained through establishing creative communication channels to reach customers, customer relationship management practices and quality feedback on customer complaints and inquiries. There was staff interaction with customers, products and services were offered to highly differentiated markets by opening of new branches to accommodate new customers. There was entry into new markets, offering customized products to customer segments and aggressive anti-competitors marketing campaigns.

This agrees with a previous study which established that market innovation strategy is embracing a unique technique of marketing that includes a lot of changes in the product and costing, packaging, design, placement or promotion strategy [34]. It also concurs with another study that, marketing innovation includes offering assurance, developing new services and promoting those services and providing them to customers in the right place and time since speed and time are important [35].

Table 3: Descriptive Statistics for Market Innovation Strategies

Market Innovation strategies	Mean	Std. Deviation	Skewness	Kurtosis
Creative communication channels to reach customers	4.05	0.91	-0.69	-0.11
Customer relationship management practices	3.75	0.91	-0.40	-0.17
Quality feedback on customer complaints and inquiries	3.72	0.94	-0.56	0.22
Staff interaction with customers	3.74	0.94	-0.51	0.00
Products and services offered to highly differentiated market	3.92	0.99	-0.67	-0.06
Opening new branches to accommodate new customers	3.79	0.94	-0.74	0.28
Entry into new markets	3.60	0.89	-0.17	-0.46
Offering customized products to customer segments	3.47	0.87	-0.19	-0.43
Aggressive anti-competitors marketing campaigns	3.71	0.99	-0.55	-0.25

Customer Satisfaction

As shown in Table 4, on the 12 statements explaining customer satisfaction the respondents agreed that there was a wide range of variety of product and services offered (3.98), timeliness of processing transactions (3.86) and ease of accessing products and services across various channels allows convenience (4.14). customers agreed that there was an improved service provision through alternative channels provides convenience to customer (4.04), warm reception at branch level and quick attention by Sacco staff encourages customer retention (3.96) and prompt response to complaints and inquiries

builds customer confidence hence retention (3.95). The staff had knowledge and understanding of SACCO products that instills customer confidence (3.90) and accurate and complete information cultivates customer confidence (3.91). Customer loyalty leads to constant re-purchase (3.99) and customer loyalty encouraged advocacy through communicating good experiences to others (3.97). The customer loyalty was as a result of staff willingness to assist and overall employee friendliness (3.87) and improved quality interactions between employees and customers promotes loyalty (3.92). The descriptive statistics for the items of customer satisfaction indicated that the standard deviations were in the range 0.79 to 0.98. skewness and kurtosis ranges between -0.40 and -0.90, -0.11 and 0.71 respectively

Table 4: Descriptive Analysis for Customer Satisfaction

	Mean	Std. Deviation	Skewness	Kurtosis
Wide range of variety of product and services offered	3.98	0.97	-0.64	-0.43
Timeliness of processing transactions	3.86	0.90	-0.56	0.11
Ease of accessing products and services across various channels allows convenience	4.14	0.87	-0.88	0.43
Improved service provision through alternative channels provides convenience to customer	4.04	0.79	-0.67	0.69
Warm reception at branch level and quick attention by Sacco staff encourages customer retention	3.96	0.88	-0.40	-0.71
Prompt response to complaints and inquiries builds customer confidence hence retention	3.95	0.94	-0.58	-0.19
Staff knowledge and understanding of Sacco products instills customer confidence	3.90	0.95	-0.69	0.19
Accurate and complete information cultivates customer confidence	3.91	0.95	-0.90	0.71
Customer loyalty leads to Constant Re-purchase	3.99	0.93	-0.70	-0.14
Customer loyalty encourages advocacy i.e. Communicating good experiences to others	3.97	0.98	-0.68	-0.36
Customer loyalty is as a result of staff willingness to assist and overall employee friendliness	3.87	0.97	-0.58	-0.42
Improved quality interactions between employees and customers promotes loyalty	3.92	0.97	-0.84	0.34

The findings indicated the respondents are in agreement with the 12 statements explaining customer satisfaction that they exist in deposit taking Saccos in Nakuru County. This agrees with another study that contented customers anticipate for increased value in services and products as much as they utilize a lot of time and money [36]. Customer satisfaction is thus a key indicator of quality of service [37]. In today's market; customer satisfaction is a significant differentiation of a firm. Products that are lower than a customer's expectations dissatisfy customers, in the event that the products are to the required expectations then they are delighted [38].

Inferential Results, Interpretations and Discussions

This section outlines the results of Pearson's Product Moment Correlation Coefficient and multivariate regression analysis.

Correlation Results, Interpretations and Discussions

The relationship between competitive strategies (product differentiation strategies and market innovation strategies) and customer satisfaction was examined. The results of respective correlation analysis are presented in Tables 5 and 6. The relationship between product differentiation strategies and customer satisfaction was found to be positive, strong and

statistically significant ($r = 0.655$; $p < 0.05$). The results were interpreted to mean that the more products were differentiated by deposit-taking Saccos, the greater the likelihood of satisfying their customers more. The results underpinned the importance of product differentiation strategies with regard to customer satisfaction.

Table 5: Correlation between Product Differentiation Strategies and Customer Satisfaction

Product Differentiation Strategies	Customer Satisfaction	
	Pearson Correlation	.655**
Sig. (2-tailed)	.000	
n	334	

** Correlation is significant at the 0.01 level (2-tailed).

It was further revealed as shown in Table 6 that, the relationship between market innovation strategies and customer satisfaction was positive, strong and statistically significant ($r = 0.698$; $p < 0.05$). The results meant that strengthening the aforesaid strategies, customers of deposit-taking Saccos in Nakuru County were likely to be more satisfied. The findings also underlined the critical role played by market innovation strategies in reference to customer satisfaction.

Table 6: Correlation between Market Innovation Strategies and Customer Satisfaction

Market Innovation Strategies	Customer Satisfaction	
	Pearson Correlation	.698**
Sig. (2-tailed)	.000	
n	334	

** Correlation is significant at the 0.01 level (2-tailed).

Results of Multivariate Linear Regression Analysis

The general relationship (R) between competitive strategies (product differentiation and market innovation strategies) and customer satisfaction was put into perspective as shown in Table 7. It was revealed that the aforesaid relationship was positive, strong, and statistically significant ($R = 0.829$; $p < 0.05$). The results meant that there was a significant likelihood of enhancing customer satisfaction among deposit-taking Saccos by strengthening competitive strategies. The results indicated in the same Table 7 ($R^2 = 0.687$) revealed that 68.7% of variance in customer satisfaction in deposit-taking Saccos in Nakuru town could be explained by the examined competitive strategies. The remaining proportion (31.1%) could be attributed to other factors which did not form part of this study.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.687	.683	.38990

a. Predictors: (Constant), Product Differentiation Strategies, Market Innovation Strategies

The results of analysis of variance shown in Table 8 below indicated that the sample used by the study fitted the adopted regression model ($F = 180.549$; $P < 0.05$). The results implied that the adopted model shown below was significant and thus suitable for analysis.

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \varepsilon$$

Table 8: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	109.788	4	27.447	180.549	.000 ^b
Residual	50.014	329	.152		
Total	159.802	333			

a. Predictors: (Constant), Product Differentiation Strategies, Market Innovation Strategies

b. Dependent Variable: Customer Satisfaction

The results illustrated in Table 9 were used to interpret the adopted regression model.

$$Y = \beta_0 + \beta x_1 + \beta x_2 + \varepsilon$$

$$Y = 0.341 + 0.191x_1 + 0.250x_2$$

The results were interpreted to mean that for a unit change in customer satisfaction to be realized by deposit-taking Saccos in Nakuru town, there had to be 0.191 unit change in product differentiation strategies and 0.250 unit change in market innovation strategies while other factors were held constant ($\beta_0 = 0.341$).

Table 9: Regression Coefficients and Results of T-Statistics

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.341	.140		2.431	.016
Product Differentiation Strategies	.191	.044	.193	4.341	.000
Market Innovation Strategies	.250	.049	.233	5.081	.000

a. Dependent Variable: Customer Satisfaction

Testing Null Hypotheses

The results of the t-statistics as shown in Table 8 were used to test the null hypotheses. The first null hypothesis stated that: Product differentiation strategies do not significantly influence customer satisfaction in deposit-taking Saccos in Nakuru County. The results of the t-statistics ($t = 4.341$; $p < 0.05$) indicated that the aforementioned influence was statistically significant. Therefore, the null hypothesis was rejected and the alternative hypothesis was considered to be true.

The second null hypothesis stated that: Market innovation strategies do not significantly influence customer satisfaction in deposit-taking Saccos in Nakuru County. However, the results shown in Table 8 above indicated that the influence of market innovation strategies on customer satisfaction was statistically significant ($t = 5.081$; $p < 0.05$). The foregoing results led to rejection of the null hypothesis. As such, the alternative hypothesis was considered to be true.

4. DISCUSSION

Product differentiation strategy among the deposit taking and savings and credit cooperative societies in Nakuru County occurs when new products and services were well tailored to customer specific needs, the deposit-taking Saccos providing value added services such as trainings and financial advisory, offering superior quality products and improved products to customers. The competitive interest rates were offered on deposits and investments products, that have unique brand image, developed new products different from current ones and with unique product and service offering. There is a significant influence of product differentiation on customer satisfaction. Thus, an increase in product differentiation improved the customer satisfaction in deposit-taking Saccos. The study findings depicted that there was a positive significant relationship between product differentiation and customer satisfaction.

Market strategy was attained through establishing creative communication channels to reach customers, customer relationship management practices and quality feedback on customer complaints and inquiries. There was staff interaction with customers, products and services were offered to highly differentiated markets by opening of new branches to accommodate new customers. There was entry into new markets, offering customized products to customer segments and aggressive anti-competitors marketing campaigns. There was a significant positive influence of market strategy on customer satisfaction. An increase in market strategy led to rise in customer satisfaction. Market innovation strategies do significantly influence on customer satisfaction in deposit-taking Saccos in Nakuru.

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concluded that competitive interest rates were offered on deposits and investments products, that have unique brand image, developed new products different from current ones and with unique product and service offering. A product differentiation had a significant influence on customer satisfaction in deposit-taking Saccos in Nakuru County. Market innovation strategies were also concluded to be attained through establishing creative communication channels to

reach customers, customer relationship management practices and quality feedback on customer complaints and inquiries. There was entry into new markets, offering customized products to customer segments and aggressive anti-competitors marketing campaigns. Market innovation strategies do significantly influence customer satisfaction in deposit-taking Saccos in Nakuru County.

Recommendations

The deposit-taking Saccos should take into account the production costs in which they might attempt to deliver products or services at the cheapest cost while still creating the required reliability their customers want. The findings of this study have demonstrated the Information communication technology do influence customer satisfaction. Deposit-taking Saccos should engage in high technological changes and improvement so as to ensure that they remain competitive and also customer satisfaction.

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