Competitive Strategies and Market Share of Five-Star Hotels Operating in Nairobi County, Kenya

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Abstract

Five star hotels in Kenya are competing with other hotels service providers limiting their aggregate market share. As a result, five star hotels are experiencing constrained market share that limits their profitability margin. It is thus against this argument that five star hotels develop competitive strategies that will allow them to expand and or maintain a sustainable market share. The general objective of the study was to establish the relationship between competitive strategies and market share of five-star hotels in Nairobi County, Kenya. The study employed both descriptive research design and explanatory research design. The target population of study was 10 five-star hotels in Nairobi City County. Data was collected using questionnaire. The data was analyzed using descriptive statistics, correlation, and regression analysis. According to a correlation analysis, cost leadership, differentiation initiatives, and cost focus all have a positive and significant link with market share. According to basic regression studies, cost leadership and five-star hotel market share are positively and strongly related. Differentiation approaches were also discovered to have a positive and significant relationship with the market share of five-star hotels. Furthermore, cost-consciousness and market share of five-star hotels are positively and significantly linked. Five-star hotels should investigate costing models that best suit their operations, such as activity-based costing or performance-based costing, in order to determine the most optimal cost strategy to implement in the long run in order to achieve the desired market share growth. According to the report, five-star hotels should provide unique products and services. Both the local and foreign markets should be served by the products and services. The study recommends that five star other than focusing on particular specific market niche, the five star hotels should be willing to expand to other market places including tourist destination places and other upcoming cities and towns in Kenya. In order to gain from focus strategy, the five star hotels should pay attention to the market segment which is sustainable so as to avoid the dangers encountered when pursuing focus strategy such as focusing on a segment that is too small or pursuing a segment that is declining.

Keywords: Competitive Strategies, Market Share, Five-Star Hotels, Nairobi County

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1.0 Introduction

Competitive strategies are defined as distinctive approach used or intended to be used by a firm to succeed in the marketplace (Ngandu, 2017). Competitive strategy is the game plan managed to position the company in its selected market arena and successfully compete with competitors to gain market share (Bordean, Borza, Nistor & Mitra, 2015). The hotel industry is characterized by stiff competition, dynamic changes related to products, services and comfortability. As a result, hotels need to compete basing on viable strategies that will allow the hotels expand its market share (Nzisa, Njeje & Namiida, 2017). Five star hotels competing with hotels service providers should consider developing competitive strategies to achieve strategic initiatives and maintain competitive edge in the market (Kenya Tourism Report, 2018). Due to competition five star hotels develop competitive strategies to enable them seize strategic initiatives and maintain a sustainable market share.

Market share signifies the proportion of an industry that is controlled by a particular sector over a specified time period. Fiberesima and Robison (2011) defines market share as a portion of the consumers' inclination for a firm’s merchandise over other similar merchandises. A greater market share typically means greater turnover and lesser struggle to sell more and a solid barrier to entrance for other market participants (Nzisa, Njeje & Namiida, 2017). A higher market share also means that if the market expands the leader gains more than the others. High market share indicates an improved performance and high ability to deal with uncertainties.

In the context of the study, five star hotels need to compete with other service providers in the hotel industry. Five-star hotels are hotels with the highest level of elegance, quality, atmosphere, class, in addition to offering flawless, personalized, and consistent service (Bordean, Borza & Glaser-Segura, 2011). The five-star hotels are the most comfortable ones in the market of hospitality sector in the global arena. Peng (2013) points that differentiate five-star hotels from other star are reception opened for 24 hours, trilingual staff, doorman provision, expansive reception and beverage package, mini bar and food among other hospitality services. Peng (2013) noted that hotels use different techniques to achieve competitive advantage. Akçagün and Vedat (2014) assert that achieving competitiveness is challenging in the complex and turbulent market. The phenomenon is even greater for hotels that don’t understand what influences their market share. Five star hotels have the opportunity to widen their market share by employing competitive strategies in the global marketplace.

In Kenya, hotels have been facing turbulent times because of the ever changing business environment. This has resulted to reduction in the market share for the hotel (Nzisa, Njeje & Namiida, 2017). The complex and dynamic environment has resulted to the need for these hotels to put in place competitive strategies aimed at enhancing market share both in the local and global market (Bukirwa & Kising’u, 2017). Five star hotels in Kenya develop competitive strategies to provide a framework for the firm to respond to the various changes within the hotel industry operating environment. Five star hotels competing with hotels service providers should consider developing competitive strategies to achieve strategic initiatives and maintain competitive edge in the market (Kenya Tourism Report, 2018). Due to competition five star hotels develop, competitive strategies to enable them seize strategic initiatives and maintain a sustainable market share.

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According to World Tourism Council (2018) global market share for five-star hotels in 2017 was approximately 13.1%. In Kenya, Nairobi County has the largest number of five-star hotels in Kenya. In reference to Kenya tourism report (2018) five-star hotels in Nairobi County have a market share of approximately 9.3% as at end of December 2017. Ngandu (2017) noted that market share is essential to a hotel because the market composition is a pie and the larger the portion of the pie the more the returns potential. If a hotel is growing efficiently and carries on enhancing its market share, they are keeping their rivals from acquiring business from them. Ngandu (2017) further noted that the ability of hotels to maintain and increase their market share is highly dependent on its ability to meet customer taste and preference. According to Hotels and Restaurant report (2019), the market share for five-star hotels in 2017 was Villa Rosa Kempinski Nairobi 1.8%, Hemingways Nairobi 0.4%, Sankara Nairobi 0.1%, Fairmont The Norfolk 1.53%, Tribe Hotel 1.23%, Sarova Stanley 1.95%, Radisson Blu 2.4%, InterContinental 1.40% and the Boma 1.33% (Hotel and Restaurant Report, 2019).

According to the results of the 18 November 2018 gazette notice; there are currently 10 five-star hotels located in Nairobi County (Nyokabi, 2019). The hotels have a bed capacity of 46 beds up to seven hundred beds. Nairobi County is home to ten 5-star hotels which includes; Villa Rosa Keminski Nairobi, Hemingways Nairobi, Sankara Nairobi, Fairmont The Norfolk, Tribe Hotel, Sarova Stanley, Radison Blu, InterContinental, the Boma and Dusit D2 which has been closed indefinitely after the recent terror attack in January 2019 (Njuguna, Muchara & Namada, 2019). However, with many of these hotels offering extremely competitive products and some only operating in the country, it would be interesting to learn how they maintain their competitiveness in order to achieve long-term market share.

1.2 Statement of the Problem

Five star hotels in Kenya are competing with other hotels service providers limiting their aggregate market share (Sindiga, 2018). As a result, five star hotels are experiencing constrained market share that limits their profitability margin (Njuguna, Muchara & Namada, 2019). Because of the turbulent hospitality sector, five star hotels have to develop competitive strategies that will allow them to expand and or maintain a sustainable market share.

Past studies carried out on the correlation between competitive strategies and market share of hotels do not seem to come to an agreement whether there is a positive or a negative correlation among the two variables. Currently, the hospitality industry is undergoing though enormous advancement across geographical boundaries, locally and globally providing new perspectives with increased number of classified hotels. This has made it complex to manage and meet the challenges paused by the increasing customer demands and competition within the industry. Some authors like (Ngandu, 2017; Mwangi, 2010) have a positive settlement that competitive strategies have a direct impact to the market share of hotels. On the other hand, authors like (Kamica, 2015) disagree with this position which they state that competitive strategies do not have a direct impact on the market share of hotels. Without a settled agreement, then it leaves a room for further investigations to see how the two variables relate.

Past literature review on hotels has paid little attention on competitive strategies and market share. Much of the existing literature focused on factors influencing performance of hotels (Ngandu, 2017) whereas some concentrated on how competitive strategies impact performance of hotels. Previous local studies pertinent to hotels have largely focused on competitive strategies influence on performance of hotels and thus little has been done.
towards the relationship between competitive strategies and market share of hotels. Also, these researchers have had their focus only in specific hotels thus leaving a question on the influence of the competitive strategies on a particular class of hotels.

A study by González Rodríguez, et al. (2015) on competitive success model in the hotel industry agreed that competitive strategies positively impacts hotel market share. Likewise, Fwaya, et al. (2012) who studied competitive positioning and how this impacts Kenya's hotel market share agreed that competitive positioning positively impacts hotel market share, which means that hotels must be better positioned to emerge more competitive. However, a study by Krisnawati and Sule (2016) on competitive strategy and its impact on hotel performance on hotel managers in Bali, Indonesia noted that competitive strategy impact the performance of chain hotels in Bali but not market share. Likewise, Bukirwa and Kising’u (2017) while studying competitive strategies and organizational performance of hotels in Mombasa County indicated that competitive strategies positively impacted organizational performance of hotels but uncertain on market share. It is evidently clear above that there is no consensus on the impact of competitive strategies on market share in hotel industry presenting conceptual gap.

Ngandu (2014) who undertook a study to determine the competitive strategies employed by the hotels in Thika town employed corporate growth and differentiation strategy only variables of competitive strategies that influence hotel performance presenting conceptual gap. This study introduced extra variables including cost leadership and cost focus and how the variables impacts market share of five star hotels in Kenya. Hilman and Kaliappen (2014) solely looked at how cost leadership strategy and process innovation affect the performance of the Malaysian hotel business, neglecting how differentiation strategy affects market share and hotel performance, resulting in a conceptual gap. This study includes differentiation strategy as a critical variable of competitive strategy in the hotel sector.

A study Gheribi (2018) focused competition strategies of selected international hotels groups on the Polish Market noted that hotels achieves low-cost position with a high market share presenting contextual gap. The empirical studies presented above have highlighted research gaps which include conceptual, scope and geographical gaps. It is against these research gaps that this study filled the gaps by establish the relationship between competitive strategies and market share of five-star hotels in Nairobi County, Kenya. The specific objectives are to; determine the relationship between cost leadership and market share of five-star hotels, establish the relationship between differentiation and market share of five-star hotels and establish the relationship between cost focus and market share of five-star hotels in Nairobi City County. The conceptual framework as shown in figure 1.

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The theories that guide the paper include; strategic choice theory, resource dependency theory, contingency theory, game theory and efficiency theory.

2.1.1 Strategic Choice Theory

Child proposed the Strategic Choice Theory (1997). This theory explains how individuals or groups of individuals can influence an organization through dynamic political decision-making. Prior to this idea, it was often considered that businesses were established around operational needs dictated by the outside world (Child, 1997). Strategic choice theory provided an alternative, emphasizing the agency of individuals and groups inside organizations to make decisions, sometimes for their own interests, which dynamically affected their growth. These strategic decisions were taken as part of an organization-wide learning process that adapted to both external and internal political conditions.

However, strategic choice theory has been criticized for being generic instead of focusing on specific modeling choices. Many criticisms support specific modeling choices rather than alternative modeling choices, which may have no influence on organization strategic position. For this approach to be used, managers must be self-conscious about critical modeling assumptions and intermediate steps rather than simply parrot the substantively driven assumptions made in other fields (Emanuel, Helio, Gonzaga & Dutra, 2016).

Strategic Choice Theory is relevant to the study especially when identifying strategic positions for the five star hotels in order to compete favourably with other hotel service providers in the market. The strategic course of action that five star hotels selects may have an influence on market share growth. Differentiating product and services may have its own effect on market share growth of the five star hotels. A five star hotel can concentrate on

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particular strategies that will differentiate them from other rival hotel service providers in the market through the provision of unique hotel services and products. This way, the hotel may be able to introduce certain practices that allow them to outperform their rivals in the market.

2.1.2 Resource Dependency Theory

Pfeffer and Salancik developed the theory in 1978. According to the notion, procuring external resources is a fundamental pillar of any company's strategic and tactical management. The resource dependence theory describes how external factors influence hotel behavior (Biermann & Harsch, 2017). External resource acquisition is a critical instrument for a hotel's tactical and strategic management (Pfeffer & Salancik 1978). Depending on the amount of resources required to operate, various organizations have different degrees of dependence on the external environment. This causes uncertainty.

However, this theory has been criticized for exhibiting circular reasoning in its fundamental element of value which can only be assessed in context of a variable. Much of the resource-based theory takes resource stocks as given and pays little attention to the process of resource development (Nemati, et al., 2010). Further, resource-based theory logic is paradoxically infused with ambiguities and contradiction. Its logic has been found to be seemingly incompatible with implications for managerial scholarship and practice (Porter, 2008).

The Resource Dependency Theory is relevant to the study. Prudent use of resources contributes to competitive advantage in the hotel sector by enhancing product and service provision. Thus, resource dependency theory in this study explain how hotels may channel their resources in implementing cost leadership approach and focus strategies in order to achieve a greater market share. Firms can focus on areas that provide them an advantage over their competitors by defining their core competencies. Because they pertain to the management of linkages within the organization's value chain as well as linkages into the supply and distribution networks, core competences are more robust and difficult to mimic.

With regard to capability-based view, firms have to take consideration of the resources available, their capacity and capability to make maximum use of available resources to ensure that they align their strategic goals with the external environment.

2.1.3 Game theory

Game Theory was postulated by Neumann (1978). Game theory attempts to take into consideration the interactions between the participants and their behavior to study the strategic decision-making between rational individuals (Myerson, 2013). Game theory approach can be used as an efficient framework in decision making and strategy execution (Tadelis, 2013). Game theory may be used to recognize and explain the behaviors of parties participating in strategy execution stages, as well as to define how management, suppliers, employees, and customers interact (Osborne & Rubinstein, 1994). Game theory focuses on the interrelation between the actions of competitors in a competition (Johnson, Scholes & Whittington, 2009). Game theory helps to design strategies in a competitive environment, as the strategist must consider the strategies of the competitors before taking action. According to Dixit and Nalebuff (2008), the game theory is a mathematics and strategic science commonly employed in decision-making process.

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Game theory has been discovered to be useful only when attempting to predict realistic behavior. Because it is founded on the idea of rationality, any behavior, whether good or terrible, can be justified in the name of self-interest. Defining, limiting, isolating, or accounting for any set of characteristics and variables that influence strategy and outcome is a continuing challenge with game theory modeling. Game theory is significant when monitoring the execution of competitive strategies that include cost leadership strategies, differentiation and focus strategies. Game theory may help the hotels explain the reorganization of focus, differentiation and cost leadership as factors that would enable five star hotels to achieve superior market share.

2.1.4 Efficiency theory

Efficiency theory is a finance theory postulated by Buzzell, Gale and Sultan (1975). The rationale most commonly given to explain the association is that higher market share enables firms to utilize economies of scale to reduce costs and give companies market power (Eysenck, & Calvo, 1992). Buzzel, et al. (1975) also identified possible reasons why larger market share leads to higher profitability. Johnson, Scholes and Whittington (2009), Rumelt and Wensley (1981) suggest that the observed positive relationship between market share and profitability may be the result of quality management. Superior management causes firms to operate at a higher level of effectiveness and efficiency include the capability to design and execute better strategies and plans, better control of costs, maintain efficient operations, having innovative products and market strategies, meeting customer needs better than competitors as well as the ability to achieve higher productivity through training and motivation of employees.

Firms with large market share can exploit increasing economies of scale from different areas such as marketing techniques, service innovation and product innovation (Etale, Bingilar & Ifuruze, 2016). Similarly, the “experience curve” theory pronounces that firms who attain greater cost efficiency through experience gained from managing companies with greater market share. Gale and Branch (1982) found that the link between share and profit is caused by the role of market share in reducing costs rather than the role of market power in establishing market power.

The rationale most commonly given to explain the association is that higher market share enables firms to utilize economies of scale to reduce costs and give companies market power (Eysenck & Calvo, 1992). Buzzel, et al. (1975) also identified possible reasons why larger market share leads to higher profitability. Gale and Branch (1982) found that the link between share and profit is caused by the role of market share in reducing costs rather than the role of market power in establishing market power. However, there is no agreement on how efficiency theory should be measured. Firms with large market share can exploit increasing economies of scale from different areas such as procurement, manufacturing, marketing and research and development. The study makes use of efficiency theory. Improved efficiency leads to increased market share. In order to extend the hotel's market niche, it is critical to improve the distinctiveness of its products and services. The postulates of the Efficiency theory may be borrowed by hotel service providers with the goal of enhancing service quality in terms of client responsiveness.
2.2 Empirical Review

2.2.1 Cost Leadership and Market Share

Hilman and Kaliappen (2014) investigated if cost leadership strategy and process innovation had an impact on the Malaysian hotel industry's performance. The article created a mail and email survey that was delivered to top and middle level managers in hotels rated three stars and above, yielding 54 usable surveys. The findings reveal that cost leadership has a large impact on process innovation, which in turn has a significant impact on organizational success. As a result, hotel managers may make strategic decisions by developing cost leadership and process innovation at the same time in order to achieve superior organizational performance and competitive advantage. In contrast to the current study, which focuses on the impact of cost leadership strategy on market share, the study focused on the impact of cost leadership strategy on hotel performance.

The impact of cost leadership strategy on hotel chain growth in Kenya was explored by Nzisa, Njeje, and Namiida (2017). Purposive sampling was used to select 66 managers from 13 hotel chains around the country for the study, which used a survey research design. The data demonstrated that cost leadership had a substantial impact on hotel chain expansion in the country, as most hotel chains used cost leadership as a competitive strategy to expand their operations. However, unlike the current study, which focuses on market share, the study focused on the influence of cost leadership strategy in the context of hotel expansion.

In Nigeria, Gorondutse and Gawuna (2017) investigated hotel cost leadership approach and performance. The partial least square (PLS) technique, which is a 2nd Generation statistical tool, was used to analyse the data. The results of this study show that cost leadership approach has a direct and considerable positive impact on hotel performance. The study focused on the influence of cost leadership strategy on hotel performance, as opposed to the current study, which focuses on the impact of cost leadership strategy on market share. Furthermore, the study focused on hotels in Nigeria, which may operate differently than hotels in Kenya, necessitating the research.

In Kumasi, Nigeria, Gyamfi (2016) researched the effects of porter's generic approaches on hotel performance: the role of managerial competences in moderation. The researchers wanted to see how leadership, differentiation, cost and managerial competencies affected hotel performance in Kumasi. Data was collected from a sample of 100 respondents from Kumasi hotels using questionnaires. The data collected was analyzed with SPSS. The study discovered that cost leadership had a positive but moderate impact on hotel performance in Kumasi using a quantitative method. However, unlike a recent research that focuses on market share, this one is limited to overall hotel performance.

2.3.2 Differentiation and Market Share

Lo (2012) did a study in China to look at how hotels implemented Porter's generic strategy with aim ofenhancing competitive advantage for a firm, giving it a higher chance of outperforming other firms in a homogeneous industry. However, the Chinese hotel business has yet to put this theory to the test. In order to fill this void, this study empirically investigates the links between generic differentiation and cost leadership initiatives and hotel performance. According to the findings, differentiation is the only general strategy that has a substantial impact on customer satisfaction in the Chinese hotel business. The study, however, is limited to overall hotel performance, as opposed to a current study that focuses on market share.

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In Mombasa County, Bukirwa and Kising'u (2017) investigated the impact of competing strategies on hotel organizational performance using descriptive survey research design. Based on the findings, it was concluded that both corporate growth and differentiation strategies had a good and significant impact on hotel organizational performance. Hotels should have appealing products and provide better services to attract more clients than their competitors provide, and management should develop differentiation tactics that will help the hotels in Mombasa County get a competitive advantage. However, the study focused on overall hotel performance, as opposed to the current study, which is just concerned with market share.

In Nigeria, Gorondutse and Hilman (2017) investigated the impact of differentiation strategy on hotel performance. The study employs quantitative research approach. Results revealed that differentiation strategy, environmental munificence was positively associated with performance. The investigation, however, focused on hotel performance, as opposed to the current study, which focuses on market share. Furthermore, the study focused on Nigerian hotels, which may operate in a different setting than Kenyan hotels, necessitating the study.

Bordean, et al. (2015) investigated how Michael Porter's generic tactics were applied in the Romanian hotel business. In the case of the Romanian hotel market, differentiation is thought to be the outcome of a powerful marketing campaign aimed at reinforcing the distinctive aspects of the products/services in consumers’ minds. The study, on the other hand, concentrated on the employment of competitive strategies in the Romanian hotel business. Furthermore, the study focused on Romanian hotels, whose operational environments may differ from those in Kenya, necessitating the investigation.

2.3.3 Focus and Market share

Wangui, et al. (2018) investigated the impact of pricing strategy on hotel expansion in Nyeri County, Kenya. The research was based on the Ansoff matrix, the 4C marketing model, and the Unique Selling Proposition. The research was conducted using a descriptive research approach. The primary research instruments in this study were questionnaires. According to the findings, price had a favorable and statistically significant impact on hotel growth. However, unlike the current study, which focuses on competitive strategies for market share, the study focused on pricing methods for hotel growth.

Ngandu (2014) performed research to assess the competitive strategies used by hotels in Thika town, as well as the impact of these strategies on hotel performance. A descriptive research design was used in this study. An interviewer-administered questionnaire employed to collect data Differentiation methods were shown to have the greatest impact on performance in the study. The impact of cost leadership strategies on performance was also strong. Focus initiatives (cost leadership, differentiation) had a substantial impact on performance. The survey, however, focused on hotel performance, as opposed to the current study, which focuses on market share.

In Bali, Indonesia, Krisnawati and Sule (2016) did a study on competitive strategy and its impact on hotel performance. The Partial Least Square method was utilized to evaluate 117 data points in this investigation. The findings suggest that the competitive approach used by chain hotels in Bali has a significant impact on hotel performance. When compared to the value method, competitive strategy consists of various approaches, the most prominent of which are focus, cost leadership, and differentiation. The survey, however, focused on hotel performance, as opposed to the current study, which focuses on market share. Furthermore,
the study focused on Indonesian hotels, whose operating environments may differ from those in Kenya, necessitating the investigation.

Fwaya, Odhuno, Kambona, and Odhuon (2012) investigated the impact of competitive positioning on Kenya's hotel market share. According to the findings, competitive positioning and output results are positively associated to hotel market share, implying that hotels must be better positioned to become more competitive. However, the study did not examine the competitive strategies that hotels can use in the marketplace or their relationship.

3.0 Research Methodology

The study adopted both descriptive research design and explanatory research design. The Nairobi County is home to a number of five-star hotels. In Westlands, Fairmont Nairobi has Dusit 2, Sankara Nairobi, Tribe Hotel, and Villa Rosa Kempinski Nairobi. In Nairobi's Central Business District, the Norfolk, InterContinental, and Sarova Stanley, as well as Hemingways Nairobi, Radisson Blu, and The Boma in Nairobi West. According to the 2018 Ministry of Tourism report, Nairobi County has ten five-star hotels. The unit of observation was one Hotel General Managers, Marketing Managers, Chief Operating Officers, Sales Managers and Finance manager from each of the five-star hotels. Thu, 50 senior management officials of the five star hotels participated in the study.

The study employed closed and open-ended questionnaire to collect data. The study also employed secondary data in measuring market share of the star hotels over the year 2013-2017. Open-ended questions in the questionnaire were analyzed using content analysis method was thus employed to analyze qualitative data. Quantitative data were analyzed using SPSS software Version 25.0 where descriptive statistics and inferential statistics were employed to analyze data. Descriptive statistics comprised frequencies, mean scores and standard deviation whereas inferential statistics comprised correlation and multiple regression. Multiple regression was employed to determine the join effect of effect of cost leadership, differentiation and cost focus on market share of the five star hotels.

4.0 Presentation, Discussion and Interpretation of Findings

The number of questionnaires that were administered was 50 and 47 questionnaires were duly filled representing 94.0 percent. This response rate is deemed enough for drawing conclusions from the study. According to Bailey (2000), a response rate of 50% is satisfactory, while a response rate of more than 70% is excellent.

4.1 Descriptive Statistics

This section presents the descriptive results on cost leadership, differentiation strategies, focus and market share. The ratings included SD=Strongly Disagree, D= Disagree, DK= don’t know, A= Agree and SA=Strongly Agree

4.1.1 Descriptive on cost leadership

The first objective of the study was to determine the relationship between cost leadership and market share of five-star hotels in Nairobi County. Table 1 showed that majority of respondent disagreed that the hotel is supplied with suppliers with best costs, with mean score of 2.4 and standard deviation is 1.4 implying that majority of respondents did not agree to the statement. The results also showed that majority of the respondents disagreed that the hotel has implemented technology processes to minimize on operational costs with mean score of 2.4 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement. The results also showed that majority of the respondents disagreed that the hotel conducts

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costing state of its labor with mean score for place is 2.3 and standard deviation is 1.2 implying that majority of respondents did not agree to the statement.

<table>
<thead>
<tr>
<th>Table 1 Cost leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost leadership</strong></td>
</tr>
<tr>
<td>The hotel is supplied with suppliers with best costs.</td>
</tr>
<tr>
<td>The hotel has implemented technology processes to minimize on operational costs.</td>
</tr>
<tr>
<td>The hotel conducts costing state of its labor.</td>
</tr>
<tr>
<td>The hotel conducts service costing.</td>
</tr>
<tr>
<td>The hotel makes its services and procedures more cost efficient.</td>
</tr>
<tr>
<td>The hotel has improved the utilization of available equipment, services and facilities</td>
</tr>
<tr>
<td>The hotel is managing cost required for coordination of various services</td>
</tr>
<tr>
<td>Cost control and operating efficiency is well managed in our hotel</td>
</tr>
<tr>
<td>Managing raw materials cost and availability is a major concern in our hotel</td>
</tr>
<tr>
<td>The hotel outsources some functions which are not core to reduce costs</td>
</tr>
</tbody>
</table>

Further, respondents agreed that the hotel conducts service costing with mean score for place is 3.5 and standard deviation is 1.3 implying that majority of respondents agreed to the statement. The study established that majority of the respondents disagreed that the hotel makes its services and procedures more cost efficient with mean score for place is 2.1 and standard deviation is 1.2 implying that majority of respondents did not agree to the statement. Majority of the respondents disagreed that the hotel has improved the utilization of available equipment, services and facilities with mean score for place is 2.2 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement.

Further, the respondents disagreed that the hotel is managing cost required for coordination of various services with mean score for place is 2.1 and standard deviation is 1.4 implying that majority of respondents did not agree to the statement. On the statement that cost control and operating efficiency is well managed in our hotel, majority of the respondents disagreed with mean score for place is 2.1 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement. The respondents agreed that managing raw materials cost and availability is a major concern in our hotel with mean score for place is 3.6 and standard deviation is 1.4 implying that majority of respondents agreed to the statement. Finally, majority of respondents agreed that the hotel outsources some functions which are not core to reduce costs with mean score for place is 3.6 and standard deviation is 1.2 implying that majority of respondents agreed to the statement.

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4.1.2 Descriptive on differentiation strategies

The second objective of the study was to establish the relationship between differentiation and market share of five-star hotels in Nairobi County. The study sought to know whether the five star hotel practices product and service discrimination.

<table>
<thead>
<tr>
<th>Table 2 Differentiation strategies</th>
<th>SD</th>
<th>D</th>
<th>DK</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hotel competes with rivals by enhancing the quality of its services.</td>
<td>0.0%</td>
<td>8.5%</td>
<td>12.8%</td>
<td>36.2%</td>
<td>42.6%</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td>There are different prices for food and other services in this hotel.</td>
<td>8.5%</td>
<td>8.5%</td>
<td>8.5%</td>
<td>48.9%</td>
<td>25.5%</td>
<td>3.7</td>
<td>1.2</td>
</tr>
<tr>
<td>The hotel’s premise design is very attractive.</td>
<td>8.5%</td>
<td>14.9%</td>
<td>6.4%</td>
<td>31.9%</td>
<td>38.3%</td>
<td>3.8</td>
<td>1.3</td>
</tr>
<tr>
<td>The hotel employs branding to differentiate itself and its services from rivals in the market.</td>
<td>36.2%</td>
<td>40.4%</td>
<td>6.4%</td>
<td>4.3%</td>
<td>12.8%</td>
<td>2.2</td>
<td>1.3</td>
</tr>
<tr>
<td>The hotel uses different service attributes to market its services more competitive.</td>
<td>25.5%</td>
<td>46.8%</td>
<td>10.6%</td>
<td>4.3%</td>
<td>12.8%</td>
<td>2.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Hotel management make conscious effort to differentiate the product from the competitors</td>
<td>34.0%</td>
<td>40.4%</td>
<td>10.6%</td>
<td>2.1%</td>
<td>12.8%</td>
<td>2.2</td>
<td>1.3</td>
</tr>
<tr>
<td>The hotel has unique brand in the market to attract and retain customers</td>
<td>31.9%</td>
<td>46.8%</td>
<td>6.4%</td>
<td>12.8%</td>
<td>2.1%</td>
<td>2.1</td>
<td>1.1</td>
</tr>
<tr>
<td>The hotel has a wide variety of services offered to increase the market share</td>
<td>38.3%</td>
<td>40.4%</td>
<td>4.3%</td>
<td>10.6%</td>
<td>6.4%</td>
<td>2.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Table 2 showed that majority of respondent agreed that the hotel competes with rivals by enhancing the quality of its services with mean score of 4.1 and standard deviation is 0.9 implying that majority of respondents agreed to the statement. The results also showed that majority of the respondents agreed that there are different prices for food and other services in this hotel with mean score of 3.7 and standard deviation is 1.2 implying that majority of respondents were agreeing to the statement. The results also showed that majority of the respondents agreed that the hotel’s premise design is very attractive with mean score for place is 3.8 and standard deviation is 1.3 implying that majority of respondents were agreeing to the statement.

Further, respondents disagreed that the hotel employs branding to differentiate itself and its services from rivals in the market with mean score for place is 2.2 and standard deviation is 1.3 implying that majority of respondents were not agreeing to the statement. The study established that majority of the respondents disagreed that the hotel uses different service attributes to market its services more competitive with mean score for place is 2.3 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement. Majority of the respondents disagreed that the hotel management make conscious effort to differentiate the product from the competitors with mean score for place is 2.2 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement.

Majority of respondents further disagreed that the hotel has unique brand in the market to attract and retain customers with mean score for place is 2.1 and standard deviation is 1.1 implying that majority of respondents were not agreeing to the statement. It was also established that majority of the respondents were not agreeing that the hotel has a wide variety of services offered to increase the market share with mean score for place is 2.1 and standard deviation is 1.2 implying that majority of respondents did not agree to the statement. A five-star hotel may set

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itself apart from its competition by providing something unique and beneficial to its guests. A company can achieve a higher market share than its competitors by selling more volume and value on differentiated items. Excessive differentiation, on the other hand, can substantially impair a firm’s competitive edge and profitability as increased operating costs eat into the price premiums that customers are prepared to pay. Results in table 4.7 show the descriptive results for differentiation strategies.

4.1.3 Descriptive on Focus strategies

The third objective of the study was to establish the relationship between cost focus and market share of five-star hotels in Nairobi County. The study sought to know whether the five star hotels focuses on specific customer clientele. The descriptive findings for focus methods are shown in table 3.

**Table 3: Focus strategies**

<table>
<thead>
<tr>
<th>Focus</th>
<th>SD</th>
<th>D</th>
<th>DK</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hotel has a clear focus of its products and services.</td>
<td>2.1%</td>
<td>19.1%</td>
<td>6.4%</td>
<td>46.8%</td>
<td>25.5%</td>
<td>3.7</td>
<td>1.1</td>
</tr>
<tr>
<td>The hotel has a clear focus of its market.</td>
<td>29.8%</td>
<td>40.4%</td>
<td>6.4%</td>
<td>14.9%</td>
<td>8.5%</td>
<td>2.3</td>
<td>1.3</td>
</tr>
<tr>
<td>The hotel has clearly defined clientele.</td>
<td>40.4%</td>
<td>40.4%</td>
<td>8.5%</td>
<td>6.4%</td>
<td>4.3%</td>
<td>1.9</td>
<td>1.1</td>
</tr>
<tr>
<td>The hotel drives on niche marketing.</td>
<td>46.8%</td>
<td>36.2%</td>
<td>4.3%</td>
<td>8.5%</td>
<td>4.3%</td>
<td>1.9</td>
<td>1.1</td>
</tr>
<tr>
<td>The hotel offers excellent individualized services that meet customer needs</td>
<td>2.1%</td>
<td>12.8%</td>
<td>14.9%</td>
<td>48.9%</td>
<td>21.3%</td>
<td>3.7</td>
<td>1.0</td>
</tr>
<tr>
<td>The hotel is strategically located for the convenience of its customers</td>
<td>14.9%</td>
<td>10.6%</td>
<td>12.8%</td>
<td>29.8%</td>
<td>31.9%</td>
<td>3.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

In Table 3 descriptive results shows that majority of respondent agreed that the hotel has a clear focus of its products and services with mean score of 3.7 and standard deviation is 1.1 implying that majority of respondents agreed to the statement. The results also showed that majority of the respondents disagreed that the hotel has a clear focus of its market with mean score of 2.3 and standard deviation is 1.3 implying that majority of respondents were not agreeing to the statement. The results also showed that majority of the respondents disagreed that the hotel has clearly defined clientele with mean score for place is 1.9 and standard deviation is 1.1 implying that majority of respondents were not agreeing to the statement.

Further, respondents disagreed that the hotel drives on niche marketing with mean score for place is 1.9 and standard deviation is 1.1 implying that majority of respondents were not agreeing to the statement. The study established that majority of the respondents agreed that the hotel offers excellent individualized services that meet customer needs with mean score for place is 3.7 and standard deviation is 1.0 implying that majority of respondents were agreeing to the statement. Majority of the respondents agreed that the hotel is strategically located for the convenience of its customers with mean score for place is 3.5 and standard deviation is 1.4 implying that majority of respondents were agreeing to the statement.

https://doi.org/10.53819/81018102t3006
4.1.4 Market share

The purpose of the study was to determine the current condition of market share for five-star hotels in Nairobi County. The five-star hotels' market share was calculated as a percentage of the overall five-star market share and hotel occupancy as a percentage of total occupancy.

Table 4: Market share

<table>
<thead>
<tr>
<th>Market share</th>
<th>under 10%</th>
<th>10-30%</th>
<th>31-50%</th>
<th>51-70%</th>
<th>Over 71%</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share as % of total five star market share</td>
<td>48.9%</td>
<td>27.7%</td>
<td>4.3%</td>
<td>10.6%</td>
<td>8.5%</td>
<td>2.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Hotel occupancy as % of total occupancy</td>
<td>14.9%</td>
<td>21.3%</td>
<td>51.1%</td>
<td>8.5%</td>
<td>4.3%</td>
<td>2.7</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Results in Table 4 shows that most of the five star hotels (48.9%) had market share of less than 10% measured as market share as percentage of total five star market share. It was further established that 27.7% of the five star hotels had market share measured as % of total five star market share of 10-30%. The results further showed that majority of the five star hotels registered daily hotel occupancy as % of total occupancy of between 31-50%.

In practically all nonfinancial portfolio models now available, market share is one of the primary components describing product/business strength. The hotel's market share is a strong indicator of its relative competitiveness in the market. Market share is a key metric of market competitiveness, or how well a company does in comparison to its rivals. Hotels can expand up their operations and service delivery as their market share grows, increasing their profitability. A larger market share typically translates to better sales, less effort to sell more, and a high barrier to entry for new competitors. Table 5 shows market share measured using revenue growth, bed capacity, hotel percentage occupancy and number of hotel outlets.

Table 5: Market share

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth in Million KES</td>
<td>1022.8</td>
<td>835.5698</td>
<td>607</td>
<td>5197</td>
</tr>
<tr>
<td>Bed capacity as number of beds</td>
<td>198.6</td>
<td>114.0446</td>
<td>45</td>
<td>450</td>
</tr>
<tr>
<td>Hotel % occupancy</td>
<td>45.1</td>
<td>12.39528</td>
<td>21</td>
<td>66</td>
</tr>
<tr>
<td>Number of hotel outlets in Nairobi City</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

The descriptive results in Table 5 show that the mean revenue growth for the five star hotels was 1022.8 KES million with a minimum of 607 KES million and a maximum of 5197 KES million. The variation in Standard Deviation was 835.5698. The mean bed capacity for the five star hotels was 198 beds with a minimum of 45 beds and a maximum of 450 beds. The variation in Standard Deviation was 114.0446. Hotel capacity determines revenue growth of the hotel. Growth in hotels market share necessitates increase in bed capacity. Average hotel occupancy for the five star hotels is 45.1% with highest hotel occupancy being 66% and lowest hotel occupancy being 21%. The mean bed capacity for the five star hotels was 198 beds with a minimum of 45 beds and a maximum of 450 beds. The variation in Standard Deviation was 114.0446.

The hotel occupancy in terms of rooms or beds represents the capacity utilization and is an indicator of hotel revenue growth. The considerable positive link between occupancy rates and hotel profitability confirms that hotel occupancy remains a vital predictor of success for a
hotel company. The daily occupancy profile of a hotel can be an important starting point for hotel marketing, helping to identify new marketing targets and campaigns. Within Nairobi City County, all of the five-star hotels included for the study had only one outlet. However, numerous five-star hotels have locations outside of Nairobi, particularly in national parks and along the coast. Figure 2, 3 and 4 show market share for five star hotels in terms of revenue growth, hotel occupancy and bed capacity.

Figure 2: Hotel revenue growth

Figure 3: Hotel occupancy
In figure 2, trend analysis shows that revenue growth for the five star hotels has been growing steadily from 2013 to 2017. Figure 3 shows that average hotel occupancy was lowest in 2013 at 41.15 and highest in 2015 at 48.8% implying that hotel occupancy at five star hotels has not been very impressive a situation that hinders total revenue growth. Further, average hotel bed capacity was 166 rooms in 2013 however, from the years 2014, 2015, 2016 and 2017, hotel capacity rose to 206 rooms. This may imply that some five star hotels expanded their facility premises in order to increase revenue base.

4.2 Correlation Analysis

Table 6 presents the results of the Correlation Analysis.

Table 6: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Market share</th>
<th>cost leadership</th>
<th>Differentiation strategies</th>
<th>Cost focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>Pearson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost leadership</td>
<td>Pearson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.846**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differentiation</td>
<td>Pearson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strategies</td>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.822**</td>
<td>.873**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost focus</td>
<td>Pearson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.739**</td>
<td>.658**</td>
<td>.579**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

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

Results in Table 6 indicated that there was a significant positive association between cost leadership and market share of five star hotels (r=.846, p=0.000<0.05). Cost leadership strategy put emphasis on hotels operational efficiency. Five star hotels must embark on a cost leadership strategy in order to thrive in a competitive business environment. As a result, they
can keep pricing low and appeal to a wide range of customers looking for a low-cost lodging. The goal of a cost leadership strategy is to achieve a competitive advantage through lowering costs. To put it another way, hotels must make every effort to cut costs as much as possible. This might result in hotels gaining a larger market share not only over their competitors, but also over their suppliers and clientele. To implement this cost-cutting strategy, five-star hotels must have a large market share and strong sales volume. Nzisa, Njeje, and Namiida (2017) did a study on the impact of cost leadership strategy on hotel chain expansion in Kenya, and their conclusions are similar. They discovered that cost leadership had a substantial impact on hotel chain growth in Kenya, since most hotel chains used cost leadership as a competitive strategy to expand. Furthermore, Gheribi (2018) found that Hotels achieves a low-cost position with a high market share in a study on competition strategies of selected international hotel groups in the Polish market.

The findings also revealed a high positive and significant relationship between differentiation strategy and five-star hotel market share ($r=0.822$, $p=0.000<0.05$). A differentiation strategy is built on convincing customers that a product is superior to that of competitors in some way. The emphasis in differentiation strategies is on producing value through uniqueness rather than lowest cost. Uniqueness can be created in a variety of ways, including service innovations, improved service, creative advertising, better supplier relationships leading to better services, and so on. Following a differentiation approach, five-star hotels can charge a greater fee for their services. The differentiation approach targets a sophisticated or knowledgeable customer looking for a one-of-a-kind or high-quality product or service. Five-star hotels are trying to stand themselves by offering extremely high-quality quest experiences that appeal to both business and leisure tourists. Bordean, Borza, Nistor, and Mitra (2015) did a study on the application of Michael Porter's generic strategies in the Romanian hotel industry and discovered that differentiation strategy is one of Porter's methods that Romanian hotels are using to increase market share. The findings support Gorondutse and Hilman's (2018) findings that differentiation strategy has a major impact on hotel performance. The findings, however, contradict those of Yuliansyah et al. (2017), who concluded that differentiation strategy has no substantial impact on hotel market share.

The results also revealed a substantial positive relationship between cost focus and five-star hotel market share ($r=0.739$, $p=0.000<0.05$). A focus approach targets a certain portion of a product's market rather than the entire market. Focused five-star hotels must be able to identify their target market niche, as well as assess and meet the demands and desires of those purchasers better than any other rival. Differentiation or low cost can be used as a focus strategy. It is believed that in the hotel sector, a focus strategy emphasizing lowest cost is uncommon because it is difficult to gratify a certain client segment without some type of distinction. The findings are consistent with those of Ngandu (2014), who conducted a study to determine the competitive strategies used by hotels in Thika town, as well as the impact of competitive strategies on hotel performance, and discovered that focus strategies had a significant impact on hotel performance. In contrast to Arpit (2017), the data show that hotels with a three- or four-star rating adopt a cost leadership and differentiation strategy but lack a focus strategy orientation.
4.3 Multiple Regression analysis

The results presented in table 7 indicate the fitness of model used of the regression model in explaining the study phenomena.

**Table 7: Model Fitness**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.896a</td>
<td>.803</td>
<td>.789</td>
<td>.38943</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Focus, differentiation strategies, cost leadership

From the results on table 7, focus, differentiation strategies, cost leadership were found to be satisfactory variables in explaining variation in the market share of five-star hotels in Nairobi County. This fact is supported by coefficient of determination also known as the R square of .803. This means that cost leadership, differentiation strategies and focus, explain 80.3% of the variations in the dependent variable, which is market share. Competitive strategy is a subset of corporate strategy that focuses on a successful management plan for gaining a long-term competitive advantage, overcoming competitors, defending against competitive pressure, and increasing the company's market share. The findings are consistent with Gyamfi (2016), who investigated the effects of porter's generic strategies on hotel performance in Kumasi, Nigeria, and discovered that cost leadership strategy, differentiation strategy, and focus have an impact on hotel performance in Kumasi. Table 8 gives the outcomes on the examination of the difference (ANOVA).

**Table 8: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>26.532</td>
<td>3</td>
<td>8.844</td>
<td>58.314</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>6.521</td>
<td>43</td>
<td>.152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>33.053</td>
<td>46</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Market share

b. Predictors: (Constant), Focus, Differentiation strategies, cost leadership

The outcomes of the analysis of variance show that the general model was statistically significant. This was supported by an F statistic of 58.314 and the reported p value 0.000 < 0.05 significance level. The results imply that focus, differentiation strategies, cost leadership are good indicators of market share. Competitive strategies allow a company to provide the same benefits as competitors at a lower cost; thus, a competitive advantage allows the company to create superior products, and thus, a competitive advantage allows the company to create superior value for its customers and superior profits for itself. To achieve strategic aims and maintain a competitive edge in the market, five star hotels competing with hotel service providers may consider adopting competitive strategies (Kenya Tourism Report, 2018). Due to competition five star hotels develop competitive strategies to enable them seize strategic initiatives and maintain a sustainable market share. The regression of coefficient table is presented in Table 9.

https://doi.org/10.53819/81018102t3006
Table 9: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.372</td>
<td>.217</td>
<td>1.714</td>
<td>.094</td>
</tr>
<tr>
<td>cost leadership</td>
<td>.358</td>
<td>.160</td>
<td>.335</td>
<td>2.232</td>
</tr>
<tr>
<td>Differentiation strategies</td>
<td>.355</td>
<td>.143</td>
<td>.344</td>
<td>2.483</td>
</tr>
<tr>
<td>Focus</td>
<td>.352</td>
<td>.099</td>
<td>.320</td>
<td>3.553</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Market share

The specified model is

\[ Y = .372 + .358X_1 + .355X_2 + .352X_3 \]

Where

Y = Market share

X_1 = Cost leadership

X_2 = Differentiation strategies

X_3 = Focus

Basing on the predictive model, cost leadership (β=0.358) had the highest effect on market share, followed by differentiation strategies (β=0.355) and focus (β=0.355). The results also revealed that cost leadership and market share of five star hotels have a positive and significant relationship (β=0.358, p=0.031<0.05). According to the regression coefficient, a one-unit increase in cost leadership increases the market share of five-star hotels by 0.358 units. Five-star hotels use cost leadership as a competitive strategy to increase their business, a reality that can be linked to the fact that most hotels have been able to successfully apply the strategy thanks to their large market share. The cost leadership strategy enables a hotel to get a competitive advantage over its competitors by allowing hotel management to lower product and service prices while preserving profit until their nearest competitor's profit margins evaporate.

“...cost leadership can be effective in hotel industry, especially if the hotel has distinctive competency in managing hotel operations. Hotels can successfully pursue a cost leadership strategy through efficient, cost saving in hotel designs and operational activities.” Marketing manager [Key Informant, 2019]

The hotel's operational efficiency was emphasized as part of the cost leadership plan. In order to thrive in a competitive business climate, five-star hotels must implement a cost-cutting plan. As a result, they can keep pricing low and appeal to a wide range of customers looking for a low-cost lodging. The goal of a cost leadership strategy is to achieve a competitive advantage through lowering costs. To put it another way, hotels must make every effort to cut costs as much as possible. This might result in hotels gaining a larger market share not only over their competitors, but also over their suppliers and clientele. To implement this cost-cutting strategy, five-star hotels must have a large market share and strong sales volume. The findings are consistent with those of Nzisa, Njeje, and Namiida (2017), who conducted a study on the impact of cost leadership strategy on hotel chain growth in Kenya. They found that cost leadership had a significant impact on hotel chain growth in Kenya, as most hotel chains pursued cost leadership as a competitive strategy to grow their business. Furthermore,
Gheribi (2018) found that Hotels achieves a low-cost position with a high market share in a study on competition strategies of selected international hotel groups in the Polish market.

Five-star hotels use cost leadership as a competitive strategy to increase their business, a reality that can be linked to the fact that most hotels have been able to successfully apply the strategy thanks to their large market share. The findings corroborate each other. Hilman and Kaliappan (2014) investigated whether cost leadership strategy and process innovation affect the performance of the Malaysian hotel business, finding that cost leadership has a large impact on process innovation, which in turn has a big impact on organizational performance. In their study on cost leadership strategy and hotel performance in Nigeria, Gorondutse and Gawuna (2017) discovered that cost leadership strategy had a direct and significant positive link with hotel performance. However, the findings of the study differ from those of Gyamfi (2016), who found that cost leadership had a favorable but negligible impact on hotel performance in Kumasi.

The findings also demonstrated a positive and significant association between differentiation methods and five-star hotel market share (=.355, p=0.0170.05). According to the regression coefficient, improving differentiation methods by one unit increases the market share of five-star hotels by 0.355 units.

“...differentiation strategies allow five star hotels to emphasize on creating value through uniqueness, as opposed to lowest cost. Uniqueness can be achieved through service innovations, superior service, creative advertising, better supplier relationships leading to better services thus expanding hotel overall market share.” Chief Operating Officer [Key Informant, 2019]

The development of a product or service that has distinctive features that customers appreciate and believe to be better than or different from the competition's products is referred to as a differentiation strategy. Businesses might use a differentiation approach to announce a best price while also retaining a larger market share or becoming the market leader. The emphasis in differentiation strategies is on producing value through uniqueness rather than lowest cost. Uniqueness can be created in a variety of ways, including service innovations, improved service, creative advertising, and better supplier relationships leading to better services, and so on. Five-star hotel chains may pursue a differentiation strategy by offering extremely high-quality quest experiences to both domestic and foreign guests.

The differentiation approach targets a sophisticated or knowledgeable customer looking for a one-of-a-kind or high-quality product or service. Five-star hotels are trying to stand themselves by offering extremely high-quality quest experiences that appeal to both business and leisure tourists. According to Bordean, Borza, Nistor, and Mitra (2015), differentiation strategy was discovered to be one of Porter's tactics used by Romanian hotels to increase market share. The findings support Gorondutse and Hilman's (2018) findings that differentiation strategy has a major impact on hotel performance. However, the findings differ from those of Lo (2012), who found that differentiation is the only generic approach that influences customer satisfaction in the Chinese hotel business, but not market share. Bordean, et al. (2015) concluded that differentiation strategy had no significant influence on hotel market share in a study on the application of Michael Porter's generic tactics in the Romanian hotel industry.

The findings also revealed a positive and significant association between emphasis strategies and five-star hotel market share (=.352, p=0.0010.05). According to the regression
coefficient, improving focus strategies by one unit increases the market share of five star hotels by .352 units.

“...A focus strategy helps focus on a particular market segment in the market. Five star hotels pursuing focus strategies may be able to identify their target market segment, assess and meet the needs and desires of customer in that segment better than any other competitor.” Marketing Manager [Key Informant, 2019]

The focus strategy is focused with focusing more attention on specific product qualities or specific clients of products and services. This facet of the focus strategy does not explain a separate strategy, but rather the scope within which the hotel will compete on the basis of cost leadership or differentiation. The hotel will have to decide if it wants to focus on a broad market or narrowed-down market niches. Selecting a market niche where purchasers have specific preferences is the basis for focusing. Geographical exclusivity, specialized requirements for using the product, or particular features that appeal to members define the niche. Focus tries to increase market share by operating in a niche market or markets that either are unattractive to larger competitors or are disregarded by them. A variety of variables contribute to these niches, including geography, buyer traits, and product specifications or requirements. The findings are consistent with Maluku (2013), who conducted a study to determine how aggressive cost tactics affect hotel performance in Kenya and discovered that focus had the greatest impact on hotel performance. The findings are consistent with those of Ngandu (2014), who conducted a study to determine the competitive strategies used by hotels in Thika town, as well as the impact of competitive strategies on hotel performance, and discovered that focus strategies had a significant impact on hotel performance.

Focused five-star hotels must be able to identify their target market niche, as well as assess and meet the demands and desires of those purchasers better than any other rival. Differentiation or low cost can be used as a focus strategy. It is believed that in the hotel sector, a focus strategy emphasizing lowest cost is uncommon because it is difficult to gratify a certain client segment without some type of distinction. The findings are consistent with those of Ngandu (2014), who conducted a study to determine the competitive strategies used by hotels in Thika town, as well as the impact of competitive strategies on hotel performance, and discovered that focus strategies had a significant impact on hotel performance. However, the findings contradict those of Krisnawati and Sule (2016), who found that focus tactics have an ineffective influence on hotel managers' market share in Bali, Indonesia.

5.0 Conclusions

A number of implications can be drawn from the study's findings, including the fact that cost leadership has an impact on five-star hotel market share. The hotel's operational efficiency was emphasized as part of the cost leadership plan. In order to thrive in a competitive business climate, five-star hotels must implement a cost-cutting plan. As a result, they can keep pricing low and appeal to a wide range of customers looking for a low-cost lodging. To put it another way, hotels must make every effort to cut costs as much as possible. This might result in hotels gaining a larger market share not only over their competitors, but also over their suppliers and clientele.

In addition, differentiation techniques emphasize producing value through distinctiveness rather than focusing on the lowest cost. Service innovations, improved service, creative advertising, better supplier relationships leading to better services, and so on are all examples

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of how to develop uniqueness. Five-star hotels can charge a higher premium for their services if they use a differentiation strategy. A sophisticated or knowledgeable customer seeking a one-of-a-kind or high-quality product or service is the aim of the differentiation strategy. Five-star hotels strive to differentiate themselves by providing exceptionally high-quality guest experiences that appeal to both business and leisure travelers.

The emphasis method has also been proved to have an impact on the growth of the five-star hotel market share. Focused five-star hotels must be able to pinpoint their target market segment, as well as assess and meet the expectations and wishes of those customers better than their competitors. As a focal strategy, differentiation or low cost might be applied. It is thought that a focus strategy emphasizing lowest cost is uncommon in the hotel industry since it is difficult to satisfy a certain client segment without making a distinction.

Basing on the predictive model, cost leadership (β=.358) had the highest effect on market share, followed by differentiation strategies (β=.355) and focus (β=.355). The research objectives and questions were thus answered that cost leadership, differentiation strategies, and focus were found to be good predictors explaining variation in the market share of five-star hotels in Nairobi County. Five star hotels can thus expand market share by employing sustainable cost leadership, differentiation and focus strategies instead of fiercely competing with one another other hotels service providers limiting their individual market share.

6.0 Recommendations

The study recommends that five star hotels should explore models of costing that best fit their operations such as activity-based costing or performance-based costing so as to enable them identify the most optimal cost strategy fit that they can implement in the long run to achieve the desired growth in market share. Cost leadership strategy put emphasis on hotels operational efficiency. Five star hotels must embark on a cost leadership strategy in order to thrive in a competitive business environment. In other words, the hotels must endeavor to reduce its costs as much as possible. This could translate to an expanded market share for hotels not only over its rivals but also over its suppliers and clients as well. Five-star hotels should use cost-cutting measures such as accurate demand forecasting, high capacity utilization, economies of scale, technological innovation, outsourcing, and a learning/experience curve.

Five-star hotels should provide unique products and services. The products and services should serve both the local and foreign markets. Nairobi City County's five-star hotels are implementing a differentiation strategy in order to provide unique products and services for high-end market segments. This is a tactic used primarily by hotels that cater to business travelers in their market. Providing specialty products and services, creating a strong reputation within the hotel industry, producing products/services for high-price customers, and thorough training of marketing employees are all major differentiation methods. While hotels that pursued a differentiation strategy attempted to gain a large market share, differentiation strategy hotels may be forced to focus on a narrow segment of the market by attempting to address a specific customer segment made up of people who are interested in specialty products and services but are not price sensitive.

The study recommends that five star other than focusing on particular specific market niche, the five star hotels should be willing to expand to other market places including tourist destination places and other upcoming cities and towns in Kenya. In order to gain from focus strategy, the five star hotels should pay attention to the market segment, which is sustainable

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to avoid the dangers encountered when pursuing focus strategy such as focusing on a segment that is too small or pursuing a segment that is declining. Similarly, five star hotels should understand the dynamic business environment and the changing state of hospitality industry in order to identify the best segment to target and adopt focus strategy to satisfy customer wants and needs in market segments that are sustainable.

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