

**AN ASSESSMENT OF PRODUCT DIFFERENTIATION STRATEGY AND
COMPETITIVE ADVANTAGE IN MILK PROCESSING INDUSTRY
KENYA: THE CASE OF NEW KENYA COOPERATIVE
CREAMERIES, ELDORET**



NADUPOI SARAH

ELD/B/MBA/211/00766

**A Research Project Submitted in Partial Fulfillment for the Degree of Master
of Business Administration in Strategic Management of Mount Kenya
University**

OCTOBER 2013



MKU31/13

HD9696 .N33 2013

ABSTRACT

The main purpose of this study was to conduct an assessment of product differentiation strategy and competitive advantage in milk processing industry in the New Kenya Cooperative Creameries, Eldoret. The objectives of this study were, to determine the product differentiation strategies used by the New Kenya Cooperative Creameries, to establish reasons for implementation of product differentiation strategy by the New Kenya Cooperative Creameries, to establish the effects of implementation of product differentiation strategies on competitiveness at the New Kenya Cooperative Creameries, and to find out the enabling factors for implementation of product differentiation strategy at the New Kenya Cooperative Creameries. The findings of this study will be of great significance to policy makers, New KCC, upcoming scholars and other organizations in getting deeper insights and understanding of product differentiation strategies in gaining competitive advantage. The study targeted 10822 respondents, who comprised of 2 general managers, 10 regional managers and 10 route managers from New KCC and 10800 customers buying New KCC products. The sample size was 407 respondents. Data was analyzed through SPSS and presented in frequency tables. The study established that the major product differentiation strategies used at New KCC include branding, labeling, packaging, product quality and total change in product characteristics. The major reasons for product differentiation were attributed to competition, changing tastes and preferences of customers, the major effects of product differentiation strategy implementation on gaining competitive advantage include company's high market share, customer loyalty and customer satisfaction, the major enablers of product differentiation were, customer product positioning and know-how focused strategy, the precondition for emergence of product differentiation were management and company culture as well as multiple skills in management, marketing, manufacturing and R&D. Based on the findings and conclusions of the study, the findings indicated the need to use product differentiation strategy in order to increase competitiveness and expand the company products profile. The researcher recommends that the management should intensify promotional mix advertisement to inform customers of the new range of products. The researcher suggests that further study should be conducted to determine the role of technology in product differentiation in organization.