

**ANALYSIS OF GENERIC MARKETING STRATEGIES ON MARKET  
GROWTH OF HEALTH INSURANCE SERVICE PROVIDERS IN KILIFI  
COUNTY KENYA.**

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## DECLARATION AND APPROVAL

### DECLARATION BY THE STUDENT

The content of this research proposal is original and has not been submitted for the consideration of a degree at any academic institution.



Signature: ..... Date: ...5<sup>th</sup> July 2024

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### APPROVAL BY THE SUPERVISOR

I certify that the research presented in this proposal was conducted by the candidate under my guidance.

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## ABSTRACT

Marketing serves as a fundamental function within organizations, encompassing processes aimed at creating, conveying, and delivering value to customers while nurturing beneficial relationships. In strategic management literature, generic strategies are prominently recognized for their role in enhancing market share and mitigating competitive pressures. However, gaps persist in understanding how these strategies specifically influence the growth of health insurance service providers in Kenya. This study aims to explore the influence of generic marketing strategies on the market expansion of health insurance providers in Kenya. The Specific objectives of this study shall be| To assess the influence of cost leadership strategy on market growth of health insurance service providers in Kenya; to find out the influence of differentiation strategy on market growth of health insurance service providers in Kenya; to determine the influence of focus strategy on market growth of health insurance service providers in Kenya; to establish the influence of market positioning strategy on market growth of health insurance service providers in Kenya. Drawing upon theories such as Michael Porter's Competitive Forces, Resource Based View Theory, and Game Theory, the research was conducted in Kilifi County, Kenya, targeting health insurance service providers in Kilifi county, branch manager and sales and marketing managers were the target group from 34 health insurance companies where census was utilized. Employing a descriptive research design, data was collected through questionnaires and analyzed using descriptive statistics and multiple regression analysis. While the study is anticipated to contribute significantly to the literature on generic marketing strategies and the health insurance sector, it acknowledges limitations in establishing causal relationships between variables. Nevertheless, the insights gained are poised to inform the development of more effective marketing strategies for health insurance service providers. This study examined the impact of generic marketing strategies—cost leadership, differentiation, focus, and market positioning—on the market growth of health insurance providers in Kilifi County, Kenya. Data from 64 respondents, including branch and marketing managers, were analyzed using descriptive and inferential statistics. Findings indicated that cost leadership, specifically through capacity utilization (mean = 3.55) and wastage reduction (mean = 3.50), significantly boosted market growth. Differentiation strategies, such as continuous service improvement (mean = 3.47) and brand uniqueness (mean = 3.30), also played a crucial role. Focus strategies targeting specific needs (mean = 3.17) and new product development (mean = 3.17) were effective, while market positioning strategies like cost reduction for clients (mean = 3.63) and personalized attention (mean = 3.30) enhanced customer loyalty. The study concluded that a combined approach leveraging these strategies could significantly improve competitive positioning and growth. Health insurers are advised to prioritize operational efficiency, service differentiation, and customer-specific focus to drive market expansion. It is recommended that policymakers support these initiatives with regulations that foster cost efficiency and innovation, especially in underinsured areas like Kilifi. Future research should consider the long-term impacts of these strategies on market sustainability.

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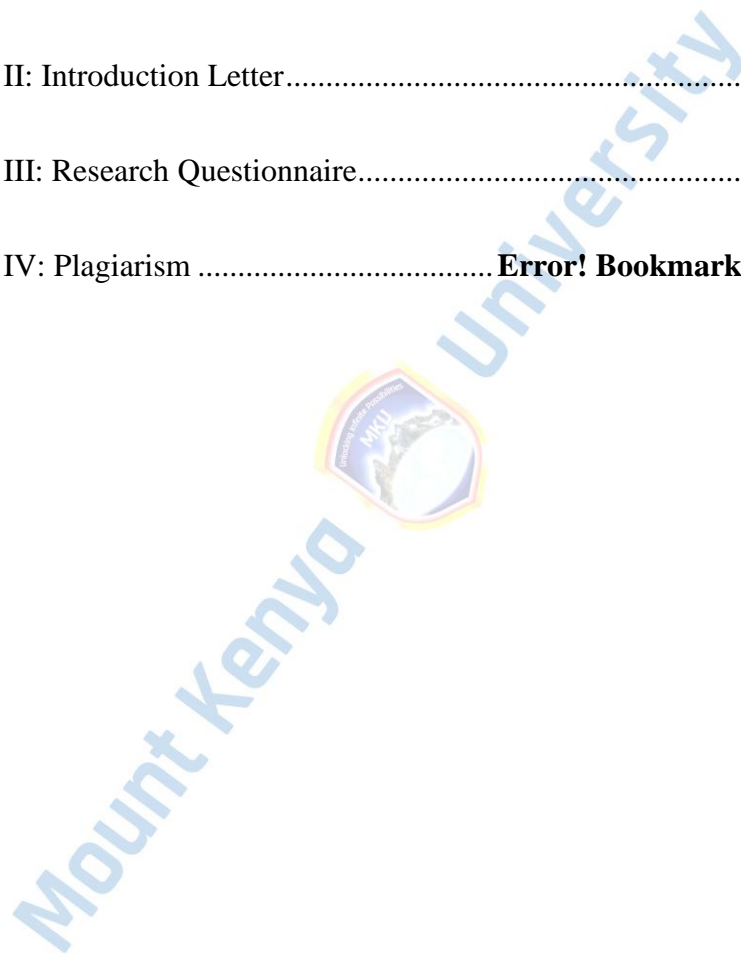
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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CEO</b>	Chief Executive Officer
<b>HISP</b>	Health Insurance Subsidy Program
<b>ICT</b>	Information and Communication Technology
<b>KEPI</b>	Kenya Expanded Program on Immunization
<b>MOH</b>	Ministry of Health
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>NHIF</b>	National Hospital Insurance Fund
<b>NHIS</b>	National Health Insurance Scheme
<b>RBV</b>	Resource Based View
<b>SMEs</b>	Small and Medium Enterprises
<b>SPSS</b>	Statistical Package for Social Sciences
<b>UHC</b>	Universal health coverage
<b>WHO</b>	World Health Organization

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Marketing encompasses organizational efforts aimed at creating, communicating, and delivering value to customers, along with managing customer relationships for the benefit of both the organization and its stakeholders. This involves understanding and efficiently meeting customer needs in terms of product, price, placement, and promotion. Moreover, marketing includes keeping engaged with customers to predict future needs and develop products that fulfill these needs, while also setting up effective communication channels to convey the organization's goals (Kotler & Keller, 2012).

For organizations aiming to achieve their objectives, the development and implementation of effective marketing strategies are crucial. These strategies help firms establish competitive positions and achieve sustainable advantages. In today's dynamic business environment, characterized by intense competition and constant change, it's vital for organizations to adapt quickly to internal and external shifts to maintain their performance (Pride, Hughes, & Kapoor, 2020).

In the context of global marketing, the strategic application of cost leadership, differentiation, and focus strategies plays a crucial role in securing competitive advantage and market share across various industries. This global perspective is particularly evident in the healthcare sector, where customer-centric approaches have become increasingly important. In the United States, the healthcare industry has witnessed a significant shift towards prioritizing patient-centered care, necessitating innovative marketing strategies to meet the evolving needs of consumers. The adoption of digital marketing techniques to enhance patient engagement and

satisfaction underscores the industry's response to these changing dynamics, reflecting a broader trend towards leveraging technology to improve healthcare delivery (Smith & Jones, 2018).

Similarly, the healthcare sector in India demonstrates how marketing strategies are pivotal in addressing the unique challenges and opportunities within emerging economies. India's focus on expanding healthcare access has led to innovative marketing approaches, particularly in digital health services. Telemedicine, for instance, has seen rapid growth, fueled by efforts to reach underserved populations in rural areas. Marketing strategies in India's healthcare sector emphasize affordability, accessibility, and patient education, highlighting the critical role of understanding and meeting consumer needs in a diverse and rapidly changing market (Kumar & Patel, 2020). These examples from the United States and India illustrate the global applicability of strategic marketing in enhancing healthcare delivery and meeting the complex needs of populations across different socio-economic contexts.

In Africa, Ghana's National Health Insurance Scheme (NHIS) exemplifies a critical case for scrutinizing the impact of generic marketing strategies on the expansion and sustainability of health insurance service providers' markets (Agyepong et al., 2018). This research underscores the premise that nuanced, consumer-centric marketing strategies, which are deeply entrenched in the socio-economic and cultural fabric of the target population, are indispensable for bolstering enrollment and enhancing retention within health insurance schemes. The linkage between strategic marketing endeavors tailored to the Ghanaian context and the broader ambition of universal health coverage (UHC) is pivotal, suggesting that contextually responsive marketing can significantly elevate market penetration and fortify the health insurance ecosystem's resilience. Africa's protections industry is esteemed at around \$68 billion

in terms of GWP and is the eighth biggest in the world—although this is not similarly conveyed over the landmass. There is a need of consistency among the markets in terms of measure, composition, development, and the degree of union (Bah & Abila, 2022). Ninety-one percent of premiums are concentrated in fair ten countries. Seventy percent of the add up to premiums are accounted for by South Africa, which is both the biggest and most built up protections showcase. Exterior of South Africa, we see six essential protections locales in Africa. In the Southern Africa locale, 54 percent of premiums are for life protections. Nonlife protections, be that as it may, plays a bigger part in anglophone West Africa, North Africa, East Africa, and indeed more so in francophone Africa (Surminski, Barnes & Vincent, 2022). Kenya, found in East Africa, is a conspicuous player in the territorial protections segment. The Protections Administrative Specialist (IRA) of Kenya supervises the protections industry, comprising both life, health and common protections fragments. Common protections in Kenya ranges different item lines, counting engine, fire, marine, and therapeutic protections. In Kenya, the healthcare sector is undergoing significant transformations, driven by factors such as population growth, urbanization, and increasing healthcare needs. In later years, Kenya's protections advertise has experienced development, driven by components such as rising expendable livelihoods, urbanization, and administrative changes (IRA, 2020). The Kenyan protections segment highlights a blend of household and worldwide players competing in a energetic commercial center. A few of these players incorporate protections firms, reinsurance firms, self-governing protections bodies, the controller, protections operators and brokers, and other stakeholders. As of the year 2020, the Specialist had issued licenses to 58 protections and reinsurance companies working in Kenya (Affiliation of Kenya Guarantees, 2020). At the conclusion of 2019, protections companies detailed net

premium salary of Ksh 229.50 billion, which is an increment from the Ksh 216.26 billion detailed in 2018. This likened to a development rate of 6.1 percent when measured in ostensible terms. The entirety net premium salary was accounted for by the common protections industry at a rate of 57.6%. In 2018, the net benefit for the industry came in at 7.3 billion (IRA, 2020). The key choices made by these protections players in terms of nonspecific procedures can altogether impact their competitiveness and long-term execution in Kenya's advancing protections scene (Kiptoo, Kariuki & Ocharo, 2018). Kilifi County presents a unique context for studying the influence generic marketing strategies on the market growth of health insurance service providers. Located along the Kenyan coast, Kilifi County is characterized by a diverse population with varying healthcare needs and preferences. Within Kilifi County, difrent health insurance companies operates as a key player in the healthcare landscape, striving to expand its market presence and improve healthcare access for residents, particularly in areas like Malindi Sub-County. Understanding the dynamics of marketing strategies within the local context is crucial for other health insurance providers operating in the region to effectively address the evolving needs of consumers and drive sustainable growth.

Health insurance providers, face a myriad of challenges and opportunities in today's dynamic healthcare environment. From increasing competition and regulatory changes to shifting consumer expectations and technological advancements, the landscape is continuously evolving. Against this backdrop, analyzing the effectiveness of generic marketing strategies becomes imperative for health insurance providers to navigate the complexities of the market, enhance their value proposition, and ultimately achieve sustainable growth and impact. Therefore, this study aims to delve into the analysis of generic marketing strategies and their influence on the

market growth of health insurance service providers in Kenya, with a specific focus in Kilifi County.

## **1.2 Statement of the Problem**

Achieving market leadership is increasingly recognized as a crucial goal for corporations, underscoring the importance of marketing strategies in attaining competitive superiority in the contemporary business arena. However, the volatility of market leadership positions has notably increased, with the rate of companies losing their premier status within their industries escalating from 2% in 1960 to an alarming 14% by 2018, illustrating the intensifying competitive dynamics (Reeves & Deimler, 2018). This trend is further highlighted by Forbes' Furr (2017), who foresees a dramatic shift in the corporate landscape, predicting that up to 70% of Fortune 1000 companies could be replaced in the foreseeable future, a conjecture echoed by the entrance of Tesla Motors among others into the Fortune 500 for the first time in 2017. The significance of marketing strategies in broadening organizational market reach and bolstering growth is undeniably documented by Mita, Ochie'ng, and Mwebi (2017), who emphasize their vital role in enhancing organizational performance across sectors.

Despite the acknowledged importance of marketing strategies in fostering growth and competitiveness within the healthcare sector, a conspicuous research gap persists concerning the specific impact of generic marketing strategies on health insurance service providers in Kenya, with a particular focus in Kilifi County. While global and national tendencies highlight the necessity for effective marketing practices, there is a dearth of empirical research and statistical analysis tailored to the Kenyan scenario, more so within regions such as Kilifi County. Recent data from the Kenya National Bureau of Statistics reveal a relatively low health insurance coverage rate of 24.5% in

Kilifi County, indicating a significant portion of the population remains either underserved or entirely uninsured. Despite health insurers concerted efforts to broaden its membership and enhance healthcare access, notable challenges in achieving desired market growth and penetration in areas like Kilifi County persist. This evidences a critical research void in exploring the linkage between generic marketing strategies and market expansion among health insurance providers, specifically within Kilifi County. Addressing this gap is imperative for informing strategic decisions aimed at improving healthcare coverage and accessibility for the county's residents.

### **1.3 Purpose of the Study**

The primary objective of this research is to examine influence of generic marketing strategies on market growth of health insurance service providers in Kilifi county Kenya.

### **1.4 Objectives of the Study**

This study sought to attain the following objectives:

- i. To assess the influence of cost leadership strategy on market growth of health insurance service providers in Kilifi county Kenya.
- ii. To find out the influence of differentiation strategy on market growth of health insurance service providers in Kilifi county Kenya.
- iii. To determine the influence of focus strategy on market growth of health insurance service providers in Kilifi county Kenya.
- iv. To establish the influence of market positioning strategy on market growth of health insurance service providers in Kilifi county Kenya.

## **1.5 Research Questions**

The study attempted to answer the following questions:

- i. What is the influence of cost leadership strategy on market growth of health insurance service providers in Kilifi county Kenya.?
- ii. What is the influence of differentiation strategy on market growth of health insurance service providers in Kilifi county Kenya?
- iii. What is the influence of focus strategy on market growth of health insurance service providers in Kilifi county Kenya?
- iv. What is the influence of market positioning strategy on market growth of health insurance service providers in Kilifi county Kenya?

## **1.6 Significance of the Study**

The findings of the investigation into the effects of generic marketing strategies on organizational market growth might offer significant insights and benefits to various stakeholders, the research outcomes might hold particular importance for health insurance service providers in Kilifi county Kenya. organizational market growth, the study might enable health insurance service providers in Kilifi county Kenya to grasp the underlying influences of strategies such as cost leadership, differentiation, and market focus. This understanding might inform health insurance service providers. Efforts to enhance market growth and overall success.

The study might shed light on the relationship between generic marketing strategies and market growth for all health insurance organizations in Kenya. This insight might empower managers to devise effective marketing strategies to boost market growth and improve their organizations' performance. Many such organizations face

challenges in setting up marketing strategies to penetrate the market effectively in Kenya. The study might provide them with an opportunity to evaluate their existing strategies against the research findings and adjust them accordingly to better appeal to their target market.

**Policy Makers:** The results of this research might be advantageous to policy developers in the health finance sector within Kenya, and possibly in neighboring East African nations that share comparable market characteristics. This information might guide policy formulation concerning third-party health financing, including the identification of suitable benefit packages and the shift from a largely fee-for-service healthcare system. Moreover, the study might provide valuable insights into the application of generic marketing strategies for efficiently promoting health insurance services to the public, thereby fulfilling their responsibility to serve the public's interest.

**Researchers and Scholars:** Academics, researchers, and scholars in the management field might find value in the study's results. The research might contribute to the understanding of the relationship between generic marketing strategies and market growth in health insurance service providers in Kilifi county Kenya. Future researchers in marketing might benefit from the empirical review of generic marketing strategies in health insurance service providers in Kilifi county Kenya and their influence on organizational market growth, providing a foundation for further exploration in this area.

### **1.7 Scope of the Study**

This research focuses specifically on examining how generic marketing strategies influence the market growth of Kilifi county Kenya. It specifically targeted

stakeholders associated with health insurance in Kilifi county Kenya. The study population includes all managers of the health insurance companies in Kilifi county Kenya. Sampling involved selecting health insurance company's management staff within Kilifi County. The study was conducted over a period of 3 months.

### **1.8 Study Limitations/ possible challenges**

This study adhered to a specific timeframe and budget, as it is funded independently. Consequently, there may be delays in questionnaire completion by respondents, potentially extending the data collection period. Moreover, obtaining cooperation from health insurance employees might prove challenging due to skepticism about the research motives.

A descriptive research design was utilized, allowing only observational data collection. Consequently, the study findings were based solely on observed behaviors within the population.

Challenges in data collection are anticipated due to the tendency of public organizations to be cautious about sharing information. This reluctance from respondents may hinder the researcher's efforts to gather necessary data.

### **1.9 Delimitations**

Establishing close collaboration with target respondents and relevant authorities, and ensuring that respondents comprehend the research's purely academic nature, assisted in addressing challenges such as potential delays in data collection and reluctance from health insurance personnel. Furthermore, given the researcher's affiliation with health insurance industry, transparency about the study's objectives and scope was crucial in averting information withholding concerns. Additionally, obtaining

necessary permissions from relevant authorities facilitated smooth data collection processes.

### **1.10 Assumptions of the Study**

The researcher assumes that the target respondents would be available and offer the necessary information effectively and that the respondents also understood the concepts of generic marketing strategies and market growth. It is also the assumption of the researcher that the information collected would offer the expected response.



### 1.11 Operational Definition of Key Terms

**Competition:** Competition arises in the marketplace where firms contend for scarce consumers, with each firm adopting diverse strategies to attract and retain more customers.

**Cost Leadership Strategy:** This marketing approach prioritizes organizational efficiency, aiming to produce or distribute goods and services at a lower cost than industry competitors. It serves as an effective means to attain sustainable competitive advantage by effectively managing and minimizing costs.

**Differentiation Strategy:** This strategy involves an institution's endeavor to develop and market unique services and/or products tailored to different customer segments. Achieving differentiation necessitates innovation in product or service development to ensure relevance and distinctiveness.

**Focus Strategy:** In this marketing strategy, an institution directs its resources towards entering or expanding within a specific industry segment. It is typically utilized when an institution has a deep understanding of its target segment and can competitively meet its needs with relevant products or services.

**Generic Marketing Strategies:** These encompass various methods aimed at delivering a quality product that fulfills customer needs, offering affordability, wider distribution, and effective promotional strategies. They represent a broad classification of strategic choices generally applicable across industries, organization types, or sizes to enhance organizational competitiveness.

**Market Growth:** Market growth denotes the expansion of market share or customer numbers within a given industry. It is typically measured by periodic increases in the organization's customer base over time.

**Market Positioning:** This involves establishing a unique and distinctive brand image relative to competitors, shaping consumer perceptions to view the brand as distinct from its rivals (Business Dictionary, 2018).



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter examines the influence of generic marketing strategies on the market growth of health insurance service providers. It includes a review of relevant articles and journals, as well as a review of the thesis. Additionally, it aims to present a theory that explains how cost leadership strategy, differentiation strategy, and focus strategy impact the market growth of health insurance service providers.

#### **2.2 Theoretical Review**

This part examines the theoretical frameworks that underpinned this study. Theory is crucial in the research journey, serving not only as a fundamental source for identifying problems and hypotheses but also as a means to understand the significance of key concepts within a specific framework (Schwab, 2016). The current research conundrum draws inspiration from Michael Porter's competitive forces, the resource-based view theory, and game theory.

##### **2.2.1 Michael Porter's Competitive Forces**

Several determinants shape the competitive landscape and dynamics within an industry, including barriers to entry for new competitors, the negotiation power of consumers and suppliers, the presence of alternative products, and the level of competition among existing market players (Pearce & Robinson, 2011). The competitive environment is fueled by organizations striving for market leadership through strategies such as competitive pricing, innovative marketing approaches, product diversification, and enhancements in customer service. This pursuit of market dominance is driven by the ambition of companies to improve their market position,

often resulting in competitive pricing pressures due to the ease of product substitution (Porter, 1998). Furthermore, these competitive dynamics promote ongoing innovation and quality enhancements, encouraging firms to differentiate their offerings and create value in unique and hard-to-imitate ways, ultimately affecting consumer preferences and loyalty.

Suppliers can impact the bargaining power of industry participants by adjusting prices or altering the quality of goods and services, thereby influencing industry profitability. The entry of new firms into the market increases competition and may also affect pricing dynamics by introducing additional resources that could either drive prices up or down. Conversely, buyers wield significant power over pricing as they can negotiate for lower prices, demand higher quality, expanded services, or even foster competition among suppliers, potentially impacting industry profitability (Tanwar, 2013).

Michael Porter's Five Forces model offers an in-depth evaluation of the competitive forces within an industry, extending the analysis to encompass more than just the rivalry among existing companies. This framework examines the overall competitive environment and economic dynamics of an industry, taking into account the negotiating power of both suppliers and consumers, the risk posed by potential new market entrants, and the presence of alternative products or services.

The objective of this model is to understand how each of these elements influences the intensity of competition within a specific sector. A stronger presence of these forces signals a higher level of competition, whereas weaker forces imply less competition. The versatility of Porter's Five Forces framework makes it a valuable tool for companies across various sectors, enabling them to evaluate the industry's

appeal from a strategic perspective (Dirisu, I., Oluwole, I., & Ibidunni, A.S., 2013). This framework is vital for this research as it helps pinpoint the factors that shape the competitive and economic landscape of the industry, thereby facilitating a nuanced analysis of the competitive intensity faced by businesses within the sector.

In the current study, Michael Porter's Five Forces model offers a comprehensive lens through which to analyze the competitive dynamics within the health insurance industry. By examining barriers to entry, the bargaining power of consumers and suppliers, the threat of substitutes, and the intensity of rivalry among existing providers, the study can identify key factors shaping the market landscape in Kilifi County, Kenya. Understanding these forces allows health insurance companies to tailor their generic marketing strategies effectively, addressing consumer needs, differentiating their offerings, and ultimately driving market growth in a competitive environment.

### **2.2.2 Resource Based View Theory**

The Resource-Based View (RBV) paradigm, which was originally investigated by Penrose in 1959, proposes that the identity of an organization is generated from the variety of its productive services rather than the uniformity of those services. The relevance of resource heterogeneity was brought to light by Penrose, who suggested that the singularity of an organization's resources is of utmost significance for both internal and external development strategies, such as mergers, acquisitions, and diversification. Furthermore, in order for businesses to successfully exploit their resources and obtain a competitive advantage over their competitors, it is necessary for them to have a comprehensive understanding of both their strengths and limitations (Wernefelt 1964).

The fundamental tenet of RBV is the conviction that the features of a company's resources and capabilities are the primary factors that determine its success and the degree to which it has an advantage over its competitors. These must be useful and difficult to imitate in order to be valued. The idea was built upon by Barney (1991), who said that businesses are able to effectively create and execute plans by examining their own internal resources and skills (Sheehan & Foss, 2007).

Furthermore, according to Wernerfelt (1984), the resources that are employed in production have an additional impact on the direct connection that exists between the performance of a firm and the success of the market offers that it provides. Therefore, in order for businesses to achieve greater performance and returns, they need to identify and secure the resources that are essential for the production of goods that satisfy the need of customers. It is necessary for these resources to be valued, uncommon, and difficult to replicate in order for them to provide a sustained advantage over other resources (Barney, 1991).

The Resource-Based View (RBV) is founded on two key assumptions: first, it proposes that companies operating within the same sector may differentiate themselves by using their own distinct resources. Secondly, it presupposes that these distinctions remained for an extended period of time due to the fact that the resources are not readily transportable (Barney, 1985). When a company implements a strategy that generates value in a manner that cannot be replicated by its rivals, it is said to have a competitive edge (Barney, 2003). This approach allows the company to secure advantages that are not available to its competitors.

In the current study, the Resource-Based View (RBV) paradigm offers valuable insights into understanding how health insurance service providers in Kilifi County, Kenya, can leverage their internal resources and capabilities to drive market growth.

By focusing on the uniqueness and inimitability of their resources, such as service offerings, customer relationships, and operational processes, insurers can develop competitive advantages over rivals in the industry. Additionally, RBV emphasizes the importance of identifying and securing resources essential for meeting customer needs effectively, which aligns with the objective of the study to explore the influence of generic marketing strategies on market growth. This approach enables insurers to differentiate themselves in the market and sustain their competitive edge by delivering value propositions that are difficult for competitors to replicate.

### **2.2.3 Game Theory**

James Wald was the first person to present the concept of game theory, which was first established in the 18th century. Game theory is centered on the analytical examination of strategic interactions among rational individuals that include both conflict and cooperation (Branchman, 2008). The limits of Porter's framework in completely capturing the complicated interactions and tactics among enterprises led to the development of this theory, which provides a critical analysis of market dynamics and competitiveness (Hansen et al., 2015). This theory was developed as a solution to address these inadequacies. Underscoring the interrelated character of strategic decisions, game theory draws attention to the manner in which the decisions made by one entity are influenced by the actions or actions that are anticipated to be taken by other entities.

According to Shinkle, Kriauciunas, and Hundley (2013), the relevance of game theory in strategic management resides in its ability to facilitate thorough analysis, stimulate the exploration of numerous strategic choices, and forecast the behaviors of rivals. Through the use of game theoretic concepts, businesses are able to develop strategies that safeguard and improve their overall performance as well as their performance in

the market. Companies all over the globe have been able to successfully traverse the complicated and ever-changing commercial environment with the assistance of game theory. This has been accomplished by providing them with the capacity to carefully analyze both internal and external strategic alternatives that contribute to the development and profitability of their organizations.

In reality, game theory provides a framework that enables firms to recognize and pick the most effective tactics when they are presented with particular commercial opportunities or obstacles. According to Branchman (2008), this selection process helps to drive the firm in the direction of continual development and competitive advantage, regardless of the activities made by rivals. The use of game theory in strategic management enables businesses to strategically position themselves by making choices that are informed and that capitalize on competitive dynamics. As a result, these businesses are able to improve their capacity to prosper in the market.

In the current study, the concept of game theory offers a nuanced perspective on how health insurance service providers in Kilifi County, Kenya, can navigate the competitive landscape and enhance market growth through strategic decision-making. By analyzing strategic interactions among competitors, game theory provides insights into potential cooperative and conflicting behaviors within the industry. This framework allows insurers to explore various strategic choices and anticipate rivals' actions, enabling them to develop effective marketing strategies that not only safeguard their market position but also foster growth opportunities. Moreover, game theory aids in strategically positioning health insurance providers by guiding them to make informed decisions that capitalize on competitive dynamics, ultimately improving their capacity to thrive in the market amidst evolving challenges and opportunities.

## **2.3 Empirical Review**

### **2.3.1 Cost Leadership Strategy**

In the realm of global health insurance, the competitive edge often lies in adopting a cost leadership strategy. This approach, emphasizing operational efficiency to become the industry's lowest cost producer, has been linked to significant market growth. For instance, a study by Thompson and Harper (2019) across Europe, Asia, and North America highlighted that health insurance firms prioritizing cost leadership enjoyed a market growth rate 15-25% higher than their counterparts. This correlation suggests that achieving cost efficiency not only appeals to price-sensitive customers but also provides firms the leverage to reinvest savings into further market expansion efforts, a critical move in the highly competitive health insurance sector.

The integration of technological advancements plays a pivotal role in enabling cost leadership, driving down operational costs, and facilitating market growth. An analysis by Liu et al. (2021) of 100 health insurance companies worldwide revealed that those investing in digital platforms and automation substantially reduced their operational costs. These savings allowed for lower premiums, which attracted a broader customer base and led to increased market growth. The study underlines the significance of technological innovation in bolstering cost leadership strategies, showcasing that the path to becoming a market leader often necessitates embracing digital transformation to streamline processes and reduce overheads.

In the African context, health insurance markets are fraught with challenges, including a vast uninsured population and diverse regulatory environments. Yet, the application of cost leadership strategies, particularly through mobile technology, has shown remarkable efficacy in overcoming these obstacles. Research by Akinyi and Musa (2022) on Nigerian and Kenyan health insurance providers demonstrated how

leveraging mobile platforms not only cut down administrative costs but also expanded customer outreach. This approach contributed to a 30% increase in market share over three years, evidencing the power of cost leadership strategies tailored to the unique demands of the African market.

Furthermore, localized innovations and community-based models in Africa have underscored the adaptability and success of cost leadership strategies within the continent. A study by Okeke and Bello (2020) illuminated how Rwandan and Ghanaian community-based health insurance schemes achieved cost efficiency through leveraging local networks and simplifying administrative processes. These initiatives saw a 40% rise in enrollment rates, highlighting that cost leadership can drive market growth by aligning with the specific needs and conditions of the African population, making health insurance both accessible and affordable.

Turning to Kenya, the influence of supportive regulatory frameworks has been a catalyst for the adoption of cost leadership strategies among health insurance providers. An examination by Njenga and Kariuki (2023) of Kenyan health insurance market dynamics revealed that government policies promoting digital innovation and streamlining licensing processes have significantly lowered operational costs for insurers. These policies not only spurred market growth but also enhanced the overall competitiveness of Kenya's health insurance sector, proving that regulatory environments play a crucial role in shaping market outcomes.

A particular case study in Kenya, by Mburu and Wanjiku (2024), focused on the partnership between health insurance providers and telemedicine services. This collaboration showcased a successful cost leadership strategy, resulting in a 35% reduction in claim costs. The consequential affordability of premiums led to a 50%

surge in new subscriptions within two years, emphasizing the effectiveness of integrating technological solutions and strategic partnerships. This approach not only positions companies for market growth but also illustrates a broader trend: the critical role of innovative, cost-effective strategies in expanding access to health insurance, especially in markets characterized by high uninsured rates and cost sensitivity.

### **2.2.2 Differentiation Strategy**

The differentiation strategy, which focuses on creating unique product offerings or services, plays a crucial role in the competitive dynamics of the global health insurance market. In the United States, for instance, health insurance companies have increasingly leaned towards offering bespoke health plans that include wellness and preventive care programs, aiming to cater to a more health-conscious consumer base. Research by Anderson and Liu (2019) highlights how this shift towards personalized health plans, integrating wellness programs and digital health tracking tools, has contributed to a significant increase in customer loyalty and market share, underscoring the value of differentiation in retaining customers in a highly competitive market.

In contrast, the European market, with countries like Germany at the forefront, has seen health insurance providers differentiate themselves by emphasizing comprehensive coverage that includes alternative medicine and overseas medical treatment. Schmidt and Müller (2020) observed that such differentiated offerings have attracted a niche but profitable segment of the market, interested in holistic and global health coverage options. This approach has not only expanded the customer base for these providers but also enhanced their brand prestige and loyalty, illustrating the effectiveness of catering to specific consumer preferences and needs through differentiation.

Turning to Africa, the health insurance industry in Nigeria has witnessed substantial growth through the adoption of differentiation strategies tailored to local needs and preferences. A pivotal study by Moyo and Adeola (2021) demonstrated how Nigerian health insurance providers achieved market differentiation by incorporating traditional medicine coverage and community-based health schemes into their service offerings. This localization of products resonated well with the Nigerian population, leading to a marked increase in enrollment rates and market penetration, highlighting the significance of cultural sensitivity in the design of health insurance products.

Similarly, in South Africa, differentiation has been achieved through the integration of HIV/AIDS management programs into health insurance plans. This strategic move, as explored by Van der Merwe and Botha (2022), addresses a critical health concern in the country and offers a compelling value proposition to potential subscribers. Such tailored health solutions have not only bolstered the market growth of these providers but also contributed significantly to public health outcomes, showcasing the powerful impact of targeted differentiation strategies in addressing specific health challenges within a country.

In Kenya, the health insurance landscape presents a unique case of how digital innovation serves as a key differentiator. Kimani and Ouma (2023) found that Kenyan health insurance providers that integrated mobile health services and digital payment systems into their offerings experienced a notable surge in their subscriber base. This technological differentiation, catering to Kenya's high mobile penetration rate and preference for mobile money transactions, has not only made health insurance more accessible but also propelled market growth. The success of these digital strategies in Kenya illustrates the critical role of technological adaptation in differentiating health insurance products in markets with robust digital ecosystems.

### **2.2.3 Focus Strategy**

The focus strategy, which involves targeting a specific market niche to achieve competitive advantage, has become increasingly relevant in the global health insurance market. Providers adopting this strategy concentrate on specific demographic groups, geographic regions, or service types, allowing for more tailored and effective market penetration. In the United States, for instance, health insurance companies focusing on the senior demographic with Medicare Advantage plans have seen substantial market growth. A study by Johnson and Lee (2019) demonstrated that companies specializing in these plans reported a 40% increase in enrollment over five years, attributing this success to the targeted approach and specialized services that meet the unique needs of the elderly population.

Similarly, in Canada, health insurance providers have achieved growth by focusing on immigrants and expatriates, offering plans that cater to their specific health care needs and navigating the complexities of the Canadian health system. Research by Smith and Patel (2020) found that such focused strategies have not only facilitated market expansion for these providers but also significantly improved access to healthcare for these communities, showcasing the effectiveness of a focus strategy in addressing the needs of underserved or niche markets.

In the African context, the application of focus strategies by health insurance providers has shown promise, particularly in countries with diverse populations and health care needs. In Nigeria, companies have differentiated themselves by concentrating on rural populations, offering microinsurance health products that are affordable and accessible. A study by Adebayo and Okonkwo (2021) highlighted that this focused approach led to a 50% increase in rural enrollment rates over three years,

indicating the potential of targeted strategies to expand health insurance coverage in underserved areas.

South Africa presents another example of successful focus strategy implementation, where health insurance providers have honed in on offering comprehensive HIV/AIDS treatment plans. Given the high prevalence of HIV/AIDS in the country, this focus has not only allowed these providers to grow their market share but also to contribute positively to public health outcomes. According to research by Van Zyl and Botha (2022), such specialized health plans have seen a 30% increase in subscriptions year-on-year, demonstrating the market growth potential of focusing on critical health issues affecting specific segments of the population.

In Kenya, the influence of a focus strategy on market growth among health insurance service providers is particularly evident in the targeting of the informal sector. This sector, which comprises a significant portion of the Kenyan workforce, has traditionally been underserved by health insurance. Kimani and Ouma (2023) explored how providers offering tailored, low-cost health insurance packages to informal sector workers achieved a 45% increase in market penetration over a four-year period. This success underscores the effectiveness of employing a focus strategy to meet the distinct needs of specific market segments, driving both market growth and increased health insurance coverage.

#### **2.2.4 Market Positioning**

The concept of market positioning strategy, which revolves around establishing a brand or product in a distinct manner within the marketplace to capture the target audience's attention, is pivotal for health insurance service providers aiming for market growth. Globally, the approach towards market positioning varies

significantly, reflecting the diverse consumer bases and competitive landscapes. In the United States, health insurance providers have focused on positioning themselves as leaders in innovation and customer service. A study by Henderson and Clark (2019) highlighted how such positioning strategies, emphasizing digital innovation and customer-centric services, have led to a marked increase in market share and customer retention rates. Providers that successfully communicated their unique value propositions in these areas saw a 20% growth in market share over a three-year period, underscoring the importance of clear and compelling market positioning.

In contrast, in the United Kingdom, health insurance companies have positioned themselves through the lens of comprehensive coverage, including mental health services and preventive care, responding to the growing public awareness and demand for holistic health solutions. Research by Taylor and Morgan (2020) revealed that providers who effectively positioned their offerings as comprehensive health solutions experienced a 25% increase in subscriptions, particularly among younger demographics. This success demonstrates how aligning market positioning strategies with evolving consumer health priorities can significantly impact market growth.

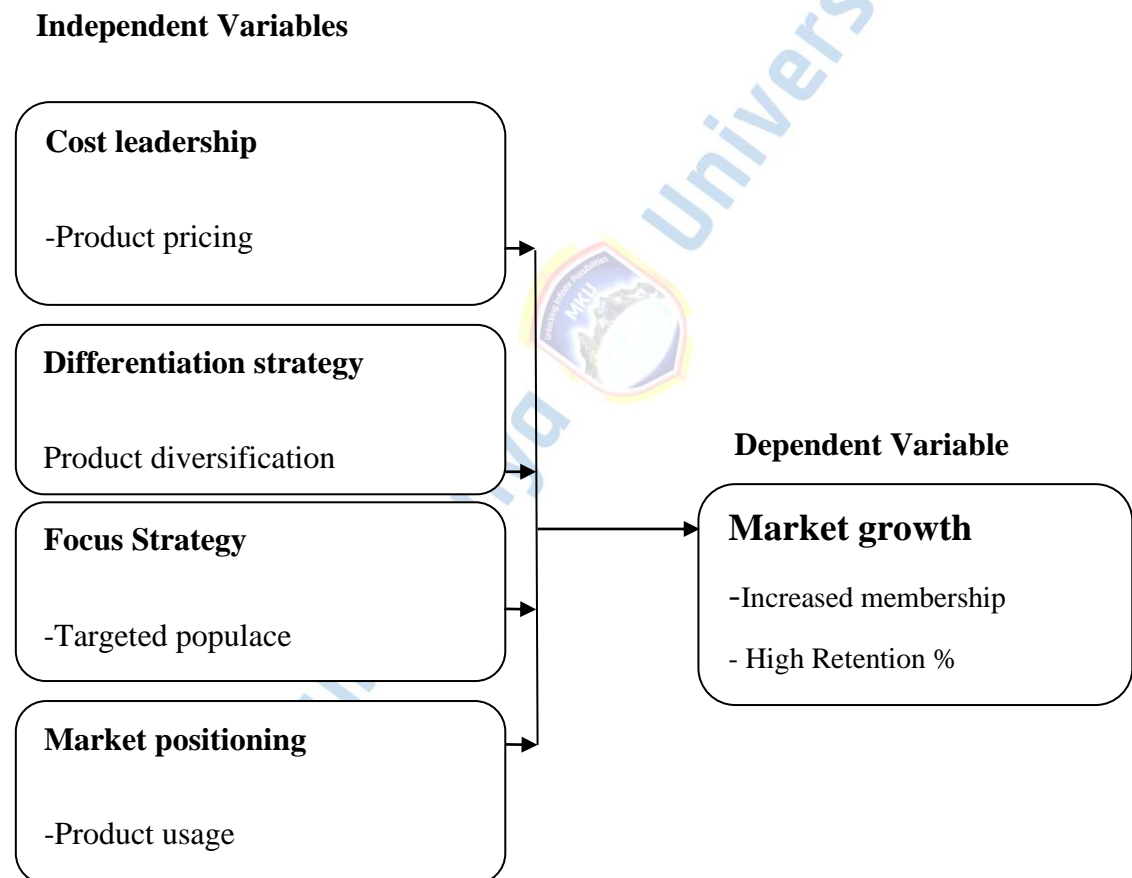
In the African context, the effectiveness of market positioning strategies among health insurance service providers has been equally evident, albeit with regional nuances. In Nigeria, providers have gained market traction by positioning themselves as accessible and affordable options for the wider population. A study by Okeke and Adeola (2021) showed that such positioning strategies, emphasizing affordability and accessibility, have been crucial in penetrating a market characterized by significant segments of uninsured individuals. This approach led to a 30% increase in customer base over four years, illustrating how market positioning can effectively address the barriers to health insurance uptake in emerging markets.

South Africa's health insurance market presents a different scenario, where providers have focused on positioning themselves as partners in health and wellness, not just financiers of medical expenses. According to a study by Van Der Merwe and Botha (2022), this positioning strategy has resonated well with a health-conscious consumer base, resulting in a steady growth in the number of policyholders. Providers that successfully communicated their commitment to supporting the overall well-being of their clients saw a 35% increase in new subscriptions, highlighting the value of a wellness-oriented positioning strategy in the health insurance industry.

In Kenya, the influence of market positioning on the growth of health insurance service providers is particularly notable in the strategic emphasis on inclusivity and innovation. Kimani and Ouma (2023) investigated how Kenyan providers leveraging mobile technology to offer health insurance products have positioned themselves as innovators in financial and health inclusion. This strategic positioning attracted a substantial number of first-time insurance buyers, leading to a 40% increase in the market size within a span of five years. The study underscores the potential of market positioning strategies that align with national goals and consumer needs, particularly in markets with low insurance penetration rates.

## 2.4 Conceptual Framework

The diagram depicted below illustrates the proposed connection between the independent and dependent variables. In this study, the independent variable consisted of generic marketing strategies, assessed through cost leadership, differentiation, focus, and market positioning strategies. Market growth served as the dependent variable that the research aims to elucidate. Presented below is the conceptual framework of the study.



**Figure 1: Conceptual Framework**

**Source: Researcher, 2024**

## **2.5 Recap of Literature Review**

The comprehensive review of strategies employed by health insurance providers across various global contexts reveals significant insights into the effectiveness of cost leadership, differentiation, focus strategies, and market positioning. Despite these insights, there are notable research gaps that future studies could address to enhance our understanding of the health insurance industry's competitive dynamics.

There is a clear gap in the longitudinal analysis of the impact of these strategies on health insurance providers. Studies have predominantly focused on short-term outcomes, such as market share growth or immediate cost savings, with less attention given to long-term sustainability and the evolving challenges providers may face. This oversight leaves unanswered questions regarding how strategies like cost leadership and technological integration, as highlighted by Thompson and Harper (2019) and Liu et al. (2021), affect long-term organizational resilience and adaptability in a rapidly changing market landscape.

While the reviewed literature provides valuable regional insights, such as the effectiveness of mobile technology in African markets noted by Akinyi and Musa (2022), there is a noticeable lack of comprehensive cross-regional analysis. This gap hinders a deeper understanding of how different strategies may translate or need to be adapted across diverse cultural, economic, and regulatory contexts. A comparative analysis could uncover universal principles or nuanced adaptations required for success in varying markets, contributing to a more holistic view of global health insurance strategies.

The existing literature often explores strategic approaches in isolation, examining the benefits of either differentiation, focus strategies, or market positioning without

considering the potential for strategic integration. This segmentation misses the opportunity to explore how combining these strategies might amplify their effectiveness or mitigate their weaknesses. For instance, the differentiation strategies detailed by Anderson and Liu (2019) and the focus strategies discussed by Johnson and Lee (2019) could potentially complement each other, offering a more nuanced approach to targeting specific market segments while also providing unique value propositions.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This section outlines the approach that was employed to tackle the research problem. The methodology establishes a framework for data analysis, ensuring consistency in the research process and guarding against the use of multiple data analysis techniques that might compromise the integrity of the findings and conclusions. It encompasses the research design, study context, target population, sampling methods, instruments, as well as the validity and reliability of these instruments, along with the procedures for data collection and analysis.

#### **3.1 Research Design**

The research design is essentially the blueprint for connecting different aspects of a study in a coherent and logical way to adequately address the research question. It specifies the methodology for collecting and analyzing data to answer the study's primary questions. For this investigation, we utilized a descriptive research methodology. This approach involves collecting data through surveys or questionnaires distributed to a selected group of respondents. It is particularly effective for acquiring information about individuals' beliefs, behaviors, preferences, or attitudes towards social topics. The choice of a descriptive design is appropriate for our study, which seeks to evaluate how generic marketing strategies influence the market growth of the health insurance companies within Kilifi County Kenya, through the use of a questionnaire.

According to Mugenda and Mugenda (2012), a descriptive research design is advantageous for accurately collecting information, which is crucial for testing hypotheses effectively. It also establishes a systematic method for gathering and

analyzing data. Descriptive research is valuable for detailing the characteristics of a population, organizational environments, or specific occurrences, making it an excellent choice for our study's objectives.

### **3.2 Location of the Study**

The investigation took place in Kilifi County. The focus was specifically on the management staff of the 24 different health insurance companies within Kilifi County.

### **3.3 Target Population**

A population in research terminology encompasses all entities or individuals that exhibit particular traits relevant to a study's focus. According to Mugenda and Mugenda (2012), the target population is defined as the full group of entities or individuals who share certain attributes, and to whom the study's findings are intended to be applied. In the context of this study, the target population included the branch managers and marketing managers within the health insurers within Kilifi County.

**Table 1: Target Population Distribution**

<b>Sections</b>	<b>Population</b>
Managers	34
Marketing/ Sales Managers	34
<b>Total</b>	<b>68</b>

### **3.4 Sampling Procedures and Techniques**

The sampling frame of the study comprised a list of 68 branch managers and marketing/ sales managers within the insurance companies operating in Kilifi County Kenya. The study ensured that the sampling frame is updated and includes the names of all the target population members.

A sample is a subset of the population to be studied. It is a true representative of the entire population to be studied (Wilson, 2014). The study adopted a census technique with respect to the unit of analysis which is 34 health insurance companies operating within Kilifi County Kenya. This therefore rules out application of specific sampling design and sampling technique. The study used a census since the population of 34 health insurance companies operating within Kilifi County is small. Population Census is unique in that it provides the possibility of examining small and special population groups, and acquiring information on small geographic units (Israel, 1967). The census approach is justified since according to Orodho (2009), data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions in the study population on a study problem.

### **3.6 Construction of Research Instruments**

The study used primary sources to collect data. Data from the primary sources were gathered using a semi-structured questionnaire. Questions in this survey were both closed and open-ended. Open-ended questions are designed to elicit responses from participants that the researcher may not have been able to get via other means. A five-point likert scale was adopted. Questionnaires represent the ideal method of data collection in this type of research (Mugenda & Mugenda, 2009). When collecting data, questionnaires are the best option since they are simple to quantify and evaluate, guarantee privacy, and maintain track of people who may not return the questionnaire on time and need to be reminded (Bell & Bryman, 2007). Compared to other tools, such as focus groups, questionnaires are very simple to administer.

### **3.7 Testing for Validity and Reliability**

The pilot test serves as a crucial step in identifying any flaws, limitations, or weaknesses within the interview design, allowing researchers to make necessary

revisions before fully implementing the study. Typically, it is recommended that around 1% of the sample size be dedicated to the pilot test. In this study, the pilot study included 27 respondents, which exceeds the suggested 10% of the sample size. These participants were drawn from Mombasa County, chosen because both Kilifi and Mombasa Counties share similar characteristics regarding the impact of generic marketing strategies on NHIF's market growth in Malindi Sub County.

Implementing a pilot test is critical to guarantee that field personnel uniformly comprehend the research tool and that explicit instructions accompany the questionnaire. Cooper and Schindler (2011) assert the importance of pilot tests in spotting flaws in the study's design and tools, besides offering initial data crucial for choosing a probability sample. The process to assess the instrument's validity and reliability proceeded in the following manner:

### **3.7.1 Validity of Research Instrument**

In qualitative research, the concept of validity is fundamental, though it is sometimes referred to by alternative terms such as trustworthiness, credibility, transferability, dependability, and conformability. Validity is achieved when the research successfully captures the intended knowledge through detailed descriptions that convey the deep meanings and core experiences. The reliability of the coding process is essential for drawing valid conclusions from textual analysis, with consistency across different coders for the same text being a critical aspect. Creswell (2003) outlines several methods for ensuring the validity of research findings, such as triangulation, member checking, and the provision of detailed documentation. This research followed Creswell's guidelines for instrument validation. Specifically, the validity of this study's conceptual framework was evaluated by analyzing the comprehensive correlation coefficient among all variables in relation to performance.

The questionnaire, being derived from prior studies, is deemed valid for the purpose of this research.

### **3.7.2 Reliability of Research Instrument**

Reliability reflects how consistently a questionnaire or any measurement method produces the same results under the same conditions. It denotes the stability or uniformity of responses across time or different evaluators. The internal consistency of the study's tool were measured using Cronbach's Alpha. A reliability coefficient of 0.70 is considered adequate for tests predicting outcomes or supposed measurements of a concept. Consequently, this research applied a benchmark of 0.7 to assess acceptability. Reliability was affirmed by scores exceeding 0.7, while scores below this threshold indicated a potential unreliability in the measurement instrument.

### **3.8 Data Collection Methods and Procedures**

This research collected quantitative information using a self-administered survey. The surveys were distributed in person to the participants at their places of work or homes and were collected after they have been filled out. For NHIF customers/beneficiaries in Malindi Sub County, a face-to-face approach was used to administer the questionnaires. Due to the extensive area of the study, trained and compensated research assistants assisted in reaching institutions within the study area. Structured questions were employed to save time and resources and facilitate easier analysis, while unstructured questions encouraged respondents to provide detailed and candid responses. Each questionnaire was assigned a code for matching purposes, with only the researcher retaining knowledge of respondent identities. Secondary data was sourced from publications by international organizations, the County Government, and national government agencies in Kilifi County, Kenya.

### **3.9 Proposed Data Analysis Techniques and Procedures**

This study employed descriptive statistical methods, including calculation of means, standard deviations, percentages, and frequency distributions, to summarize the characteristics of the study variables. These descriptive measures provide essential initial insights into the data collected, laying the groundwork for more in-depth analysis. The data was analyzed using the Statistical Package for the Social Sciences (SPSS), and findings were displayed in tables and figures to ensure they are easily understandable.

To explore the relationships among variables and to test the proposed hypotheses, inferential statistical techniques were applied. Multiple regression analysis was chosen as the suitable method for this purpose. The hypotheses was evaluated at a confidence level of 95%. For the regression analysis, scores from Likert-scale questions in the questionnaire was aggregated. These aggregates then represented the variables in question. The formula for the regression analysis was detailed as follows:

$$Y = a + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \epsilon, \text{ where:}$$

Y = organizational market growth

a = Constant (Intercept Coefficient)

X1 = cost leadership strategy

X2 = differentiation strategy

X3 = focus strategy

X4 = Market positioning

$\epsilon$  = Error Term

$\beta_1$ ,  $\beta_2$ , and  $\beta_3$  = Regression coefficients of the variables.

### **3.10 Ethical Consideration**

The researcher secured approval from Mount Kenya University for data collection, and the study proposal was reviewed for ethical considerations by the MKU Ethics

Committee. Further, authorization from the National Commission for Science, Technology and Innovation (NACOSTI) was sought for conducting research within the specified locality. Permissions from Kilifi County was obtained, along with consent from the organizations involved, to facilitate the study among the chosen participants. Prior to the dissemination of the survey, assurances regarding the confidentiality of participant responses were communicated.

The process also included a robust informed consent procedure. This entails providing participants with detailed information about the aims of the research and how their data was utilized. Participants were fully briefed on the objectives and implications of the study, allowing them to make an informed decision on their participation. Those willing to partake were required to sign a consent form before they proceed to the questionnaire segment. The participation remained strictly voluntary, with individuals retaining the right to withdraw or abstain from completing the questionnaire at any stage without penalty.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the research findings and discussions pertaining to the influence of various strategic approaches on the market growth of health insurance service providers in Kilifi County, Kenya. The study examines four key strategies: cost leadership, differentiation, focus, and market positioning. Each of these strategies plays a crucial role in shaping the competitive landscape and driving the growth of health insurance services in the region.

#### 4.2 Response Rate

The response rate for this study was calculated based on the number of completed questionnaires returned from a sample size of 68 participants. Out of this total, 64 responses were successfully collected, resulting in a response rate of approximately 94.1%. This high response rate is indicative of the participants' engagement and willingness to provide insights regarding the influence of various strategic approaches on the market growth of health insurance service providers in Kilifi County, Kenya.

#### 4.3 Demographic study

This section analyses the age, gender and level of education.

##### 4.3.1 Gender

Table 2 presents the gender distribution of the respondents in this study, which consisted of a total of 64 participants. The findings indicate that 40 respondents (62.5%) identified as male, while 24 respondents (37.5%) identified as female. This distribution reveals a notable predominance of male participants in the study.

**Table 2: Gender**

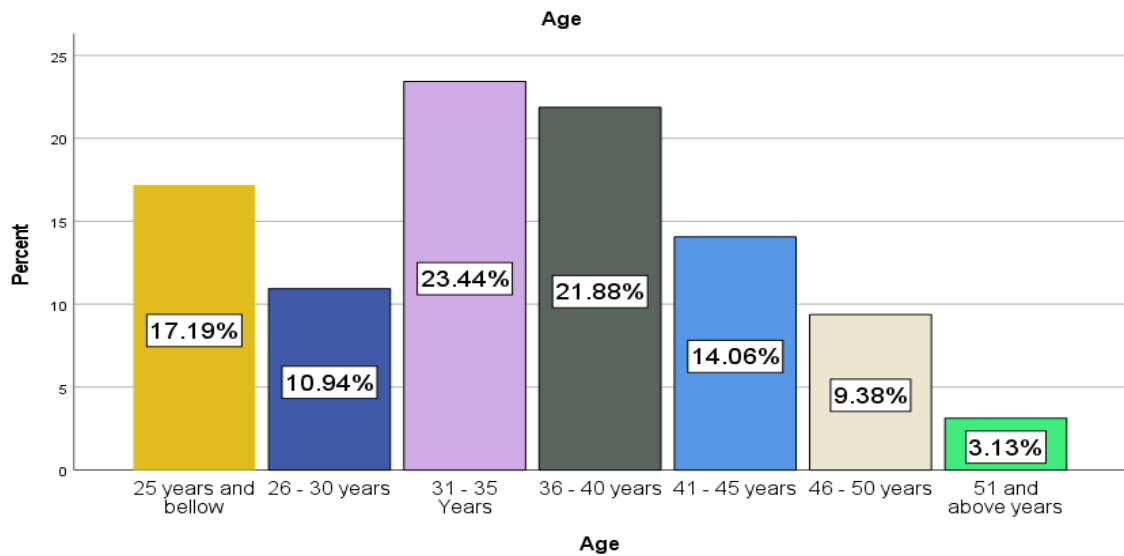
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	40	62.5	62.5	62.5
	Female	24	37.5	37.5	100.0
	Total	64	100.0	100.0	

**4.3.2 Age**

Table 3 presents the age distribution of the 64 respondents in this study. The findings indicate that 11 respondents (17.2%) were aged 25 years and below, while 7 respondents (10.9%) fell within the 26 to 30-year age group. The 31 to 35-year category included 15 respondents (23.4%), followed by 14 respondents (21.9%) in the 36 to 40-year age group. Additionally, 9 respondents (14.1%) were aged 41 to 45 years, and 6 respondents (9.4%) were in the 46 to 50-year category, 2 respondents (3.1%) were aged 51 years and above. This distribution highlights a diverse representation of age groups among the respondents, with a significant proportion in the 31 to 40-year range, which is crucial for understanding the health insurance market in Kilifi County.

**Table 3: Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25 years and below	11	17.2	17.2	17.2
	26 - 30 years	7	10.9	10.9	28.1
	31 - 35 Years	15	23.4	23.4	51.6
	36 - 40 years	14	21.9	21.9	73.4
	41 - 45 years	9	14.1	14.1	87.5
	46 - 50 years	6	9.4	9.4	96.9
	51 and above years	2	3.1	3.1	100.0
Total		64	100.0	100.0	



**Figure 2: Age**

#### 4.3.3 Your highest level of education

Table 4 presents the highest level of education attained by the 64 respondents in this study. The findings reveal that 24 respondents (37.5%) hold a Diploma, while the largest segment, 31 respondents (48.4%), possess a Bachelor's Degree. Additionally, 9 respondents (14.1%) have completed Postgraduate education. This educational distribution indicates a well-educated respondent pool, with a substantial majority holding at least a Bachelor's Degree.

**Table 4: Your highest level of education**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	24	37.5	37.5	37.5
Bachelors Degree	31	48.4	48.4	85.9
Postgraduate	9	14.1	14.1	100.0
Total	64	100.0	100.0	

#### 4.3.4 For how long have you been working or residing in Malindi Sub-County.

Table 5 presents the duration of residency or employment of the 64 respondents in Malindi Sub-County. The findings indicate that 20 respondents (31.3%) have lived or worked in the area for 0 to 5 years, while 21 respondents (32.8%) have been in the

region for 6 to 10 years. Additionally, 14 respondents (21.9%) reported a duration of 11 to 15 years, and 9 respondents (14.1%) have resided or worked in Malindi for more than 15 years.

**Table 5: For how long have you been working or residing in Malindi Sub-County.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0 - 5 years	20	31.3	31.3	31.3
6 - 10 years	21	32.8	32.8	64.1
11 - 15 years	14	21.9	21.9	85.9
above 15 years	9	14.1	14.1	100.0
Total	64	100.0	100.0	

#### **4.4 cost leadership strategy on market growth**

Table 6 illustrates the influence of various cost leadership strategies on the market growth of health insurance service providers in Kilifi County. The study found that respondents perceive capacity utilization as a significant factor in enhancing market growth, with a mean of 3.5469 reflecting a standard deviation of 1.76320. This suggests that companies that effectively utilize their capacity are more likely to experience growth. The study revealed that the practice of minimizing wastage and distribution costs received a mean of 3.5000 reflecting a standard deviation of 1.80827, indicating a strong recognition of the importance of cost control in these areas. Similarly, the study further revealed that the strategy of job redesign to capitalize on labor had a mean of 3.4219 reflecting a standard deviation of 1.70717, reflecting a positive impact on market growth through improved labor efficiency.

Moreover, staff cost reduction and product development cost reduction garnered favorable responses, with means of 3.3281 reflecting a standard deviation of 1.79111 and 3.2812 reflecting a standard deviation of 1.80360, respectively. This suggests that these strategies are considered effective for enhancing competitiveness. Conversely, the strategy of offering products at lower prices than competitors received the lowest

mean of 3.0469 reflecting a standard deviation of 1.73141, indicating that while it is recognized, it may not be the primary driver of growth compared to other strategies. The staff reduction strategy had a mean of 3.2031 reflecting a standard deviation of 1.92048, suggesting moderate agreement on its effectiveness.

The study highlights that while various cost leadership strategies are acknowledged, practices focusing on operational efficiency, capacity utilization, and cost minimization are seen as the most influential in driving market growth for health insurance providers in Kilifi County.

**Table 6: cost leadership strategy on market growth**

	N	Minimum	Maximum	Mean	Std. Deviation
The medical insurance company practices Capacity utilization	64	1.00	5.00	3.5469	1.76320
The company utilizes Job redesign to capitalize on labour	64	1.00	5.00	3.4219	1.70717
Offering products at lower prices than competitors	64	1.00	5.00	3.0469	1.73141
Products development cost reduction	64	1.00	5.00	3.2812	1.80360
The medical insurance companies practice Staff cost reduction	64	1.00	5.00	3.3281	1.79111
The company practices Staff reduction strategy	64	1.00	5.00	3.2031	1.92048
Wastage and distribution cost Minimization	64	1.00	5.00	3.5000	1.80827
Valid N (listwise)	64				

#### 4.5 Influence of differentiation strategy on market growth

The study sought to examine the influence of differentiation strategy on the market growth of health insurance service providers in Kilifi County. Table 7 presents the findings on various differentiation strategies. The study found that continuously

improving services and products was perceived as the most significant strategy, with a mean of 3.4688 and a standard deviation of 1.62294, highlighting the importance of ongoing innovation in driving market growth. The study revealed that market research on customer needs and demands also plays a critical role, achieving a mean of 3.3594 with a standard deviation of 1.75813, signifying the value of understanding customer preferences. Additionally, developing a unique brand image emerged as another influential factor, with a mean of 3.2969 and a standard deviation of 1.76994, emphasizing the importance of brand identity in attracting customers.

The study further revealed that offering a wide range of services had a notable impact on market growth, with a mean of 3.2656 and a standard deviation of 1.75700. However, offering distinguished and attractive products and the variety of available products/services had moderate influence, with means of 3.1406 and 3.0938, respectively, both reflecting similar standard deviations of around 1.8. On the lower end, offering distinguished services and wide product ranges had less influence, with means of 2.6250 and 2.8125, respectively, indicating that these strategies may not be as impactful as others. The study highlights that improving services, conducting market research, and building a unique brand identity are the most effective differentiation strategies in promoting market growth among health insurance service providers in Kilifi County.

**Table 7: Influence of differentiation strategy on market growth**

	N	Minimum	Maximum	Mean	Std. Deviation
Continuously improving the services and products in range	64	1.00	5.00	3.4688	1.62294
Developing a unique brand image valued by customers	64	1.00	5.00	3.2969	1.76994
Offering distinguished and attractive products	64	1.00	5.00	3.1406	1.82459

than other competitors					
Offering distinguished and attractive services than other competitors	64	1.00	5.00	2.6250	1.78619
Offering wide range of products than competitors	64	1.00	5.00	2.8125	1.82465
Offering wide range of services than competitors	64	1.00	5.00	3.2656	1.75700
Market research on the customers' needs and demands	64	1.00	5.00	3.3594	1.75813
Specification of product/service to meet the needs of the defined customer groups	64	1.00	5.00	2.8750	1.84735
Variety of the available products/services	64	1.00	5.00	3.0938	1.82330
Valid N (listwise)	64				

#### 4.6 Influence of focus strategy on market growth

The study aimed to determine the influence of focus strategy on the market growth of health insurance service providers in Kilifi County. Table 8 presents various aspects of focus strategies and their impact on market growth. The study found that offering products to suit unique specific needs of customers more than competition and developing and innovating new product offerings to replace existing ones were the most significant focus strategies, both with a mean of 3.1719 and standard deviations of 1.65764 and 1.75982, respectively. These findings suggest that tailoring products to meet specific customer needs and continuous innovation play a crucial role in market growth. The study revealed that focusing on specific market segments and offering new products to new market segments also contributed positively to market growth, with mean scores of 3.0937 and 3.0469, respectively, reflecting standard deviations around 1.7. This indicates that targeting distinct market niches and expanding product offerings are important components of a successful focus strategy.

The study further revealed that developing unique low-cost products for particular segments and diversification of client networks had moderate influence on market growth, with mean scores of 2.8438 and 2.9531, respectively, both with standard deviations over 1.7. However, offering unique low-cost services and services to suit specific customer needs had a lesser impact, with means of 2.4844 and 2.0156, respectively, showing lower standard deviations. The study findings suggest that while some elements of the focus strategy, such as product innovation and market segmentation, are highly effective in driving market growth, others, like low-cost service offerings, have a more limited influence.

**Table 8: Influence of focus strategy on market growth**

	N	Minimum	Maximum	Mean	Std. Deviation
Developing unique low-cost products for a particular segment	64	1.00	5.00	2.8438	1.74773
Developing unique low-cost services for a particular segment	64	1.00	5.00	2.4844	1.40286
Offering products to suite unique specific needs of customers more than competition	64	1.00	5.00	3.1719	1.65764
Offering services to suite unique specific needs of customers more than competitors	64	1.00	5.00	2.0156	1.20175
Design, tailor or offer new products to regular customers to serve a market niche	64	1.00	5.00	2.9531	1.64683
Develop and innovate new product offerings to replace existing ones	64	1.00	5.00	3.1719	1.75982
Development of new markets (Shrinking formal markets)	64	1.00	5.00	3.0625	1.77169
Diversification of client network	64	1.00	5.00	2.9531	1.74055
Focusing on specific	64	1.00	5.00	3.0937	1.74318

market segment						
Introduce new products into existing markets	64	1.00	5.00	2.8750	1.69500	
Level of penetration of shrinking formal markets	64	1.00	5.00	2.9063	1.77029	
Offering new products to new market segments	64	1.00	5.00	3.0469	1.76770	
Valid N (listwise)	64					

#### 4.7 Influence of market positioning strategy on market growth

The study sought to establish the influence of market positioning strategy on the market growth of health insurance service providers in Kilifi County. Table 9 outlines the various elements of market positioning and their impact on market growth. The study found that reducing customers' costs was the most significant factor, with a mean score of 3.6250 and a standard deviation of 1.81265, indicating that cost efficiency plays a critical role in attracting and retaining customers in the health insurance market. The study revealed that offering individualized attention to customers also had a positive influence on market growth, with a mean of 3.2969 and a standard deviation of 1.83164. This suggests that personalized customer service is an important aspect of market positioning for health insurance providers in Kilifi County. The study further revealed that other aspects of market positioning, such as specializing in meeting the needs of particular client segments or geographic segments, harnessing the power of technology to improve services, and specializing in improving the value of customers' business or processes, had moderate impacts, with mean scores ranging from 2.7344 to 2.7813 and standard deviations over 1.8. These factors, though significant, appear to be less influential compared to cost reduction and personalized attention. The study findings suggested that while market positioning strategies focused on cost reduction and personalized service have a

strong impact on market growth, other elements like technology use and geographic segmentation contribute moderately to the growth of health insurance service providers in Kilifi County.

**Table 9: Influence of market positioning strategy on market growth**

	N	Minimum	Maximum	Mean	Std. Deviation
The company specialize in meeting the needs of a particular client/user segments or a particular geographic segment	64	1.00	5.00	2.7813	1.83847
The company offers individualized attention to customers	64	1.00	5.00	3.2969	1.83164
The company harnesses the power of technology to give customers better services	64	1.00	5.00	2.7344	1.88766
The Company specializes in Improving value of customers' business or processes	64	1.00	5.00	2.7656	1.87500
The company reduces customers' costs	64	1.00	5.00	3.6250	1.81265
The company offers reliable services to its customers	64	1.00	5.00	2.7656	1.85799
Valid N (listwise)	64				

#### 4.8 Performance

The study sought to examine the performance of health insurance service providers in Kilifi County based on various performance indicators. Table 10 presents the results. The study found that improved operational efficiency was the highest-rated performance indicator, with a mean of 3.0937 and a standard deviation of 1.68767, suggesting that the companies focused significantly on enhancing their operational

processes. The study revealed that growth in revenues and improvement in profitability also showed moderate performance, with means of 3.0000 and 2.9531 respectively. These findings indicate that while companies are achieving some financial growth, the improvements are not very substantial across the board.

The study further revealed that expansion of market share had the lowest mean score of 2.3438 and a standard deviation of 1.73863, indicating that growth in market share was less robust compared to other performance measures. Similarly, customer retention and customer satisfaction scored relatively low with means of 2.5156 and 2.6406 respectively, reflecting that customer-related performance areas may require further attention for sustained market growth. The study findings suggest that while there are positive strides in operational efficiency and revenue growth, health insurance providers in Kilifi County may need to enhance their focus on customer retention, satisfaction, and market share expansion to drive broader business success.

**Table 10: Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
Growth in sales	64	1.00	5.00	2.8438	1.63512
Growth in revenues	64	1.00	5.00	3.0000	1.69967
Improvement in profitability	64	1.00	5.00	2.9531	1.72221
Expansion of market share	64	1.00	5.00	2.3438	1.73863
Customer satisfaction	64	1.00	5.00	2.6406	1.60720
Customer retention	64	1.00	5.00	2.5156	1.65224
Improved operational efficiency	64	1.00	5.00	3.0937	1.68767
Employee satisfaction	64	1.00	5.00	2.7344	1.78390
Valid N (listwise)	64				

## 4.9 Inferential Statistics

### 4.9.1 Reliability Statistics

The study assessed the reliability of the research instrument using Cronbach's Alpha, as shown in Table 11. The Cronbach's Alpha value was 0.801, indicating a good level of internal consistency among the items used in the study. Additionally, the Cronbach's Alpha based on standardized items was 0.861, further confirming the reliability of the instrument. With 5 items evaluated, these values suggest that the questionnaire items are sufficiently reliable for measuring the intended constructs in the study on market growth of health insurance service providers in Kilifi County.

**Table 11: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.801	.861	5

### 4.9.2 ANOVA with Friedman's Test

The ANOVA results using Friedman's test, as presented in Table 12, indicate a significant difference in the responses regarding the variables assessed in the study. The Friedman's Chi-Square value was 67.628 with a significance level (Sig) of .000, which is below the conventional threshold of 0.05. This suggests that there are statistically significant differences between the items analyzed.

Kendall's coefficient of concordance ( $W = 0.193$ ) reflects a moderate level of agreement among respondents. The Grand Mean for the items was 25.1875, and the total Sum of Squares between people was 14,340.350, with a Mean Square of 227.625.

**Table 12: ANOVA with Friedman's Test**

	Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People	14340.350	63	227.625		
Within Between	10284.344 <sup>a</sup>	4	2571.086	67.628	.000

People	Items			
	Residual	28646.056	252	113.675
	Total	38930.400	256	152.072
Total		53270.750	319	166.993
Grand Mean = 25.1875				
a. Kendall's coefficient of concordance W = .193.				

**4.9.3 Correlations**

Table 13 presents the correlation matrix showing the relationships between cost leadership strategy, differentiation strategy, focus strategy, market positioning strategy, and market growth. The Pearson Correlation for cost leadership strategy and market growth is 0.580, with a significance level of 0.000, indicating a strong positive and significant correlation. This suggests that as the cost leadership strategy is more effectively implemented, market growth improves significantly. For differentiation strategy, the correlation with market growth is 0.195, but it is not statistically significant ( $p = 0.122$ ), indicating a weak and non-significant relationship between differentiation strategy and market growth. Similarly, focus strategy shows a low correlation with market growth ( $r = 0.126$ ), which is also non-significant ( $p = 0.319$ ). The market positioning strategy is positively correlated with cost leadership strategy ( $r = 0.351$ ,  $p = 0.004$ ) and differentiation strategy ( $r = 0.343$ ,  $p = 0.005$ ), indicating that these strategies are significantly related. However, there is a negative but non-significant relationship between focus strategy and market positioning strategy ( $r = -0.222$ ,  $p = 0.077$ ), the study found that cost leadership strategy has the most significant impact on market growth among the strategies examined.

**Table 13: Correlations**

			cost leadership strategy	differentiation strategy	focus strategy
cost leadership strategy	Pearson Correlation Sig. (2-tailed)		1	.497**	.002
				.000	.986
		N	64	64	64
differentiation	Pearson		.497**	1	.058

strategy	Correlation			
	Sig. (2-tailed)	.000		.651
	N	64	64	64
focus strategy	Pearson	.002	.058	1
	Correlation			
	Sig. (2-tailed)	.986	.651	
market positioning strategy	N	64	64	64
	Pearson	.351**	.343**	-.222
	Correlation			
Market Growth	Sig. (2-tailed)	.004	.005	.077
	N	64	64	64
	Pearson	.580**	.195	.126
	Correlation			
	Sig. (2-tailed)	.000	.122	.319
	N	64	64	64

#### 4.9.4 Correlations

Table 14 presents the correlation matrix illustrating the relationships between the cost leadership strategy, differentiation strategy, focus strategy, market positioning strategy, and market growth among health insurance service providers in Kilifi County, Kenya. The analysis reveals that the cost leadership strategy has a strong, positive, and significant correlation with market growth ( $r = 0.580$ ,  $p = 0.000$ ), indicating that effective cost management is associated with increased market expansion. Additionally, it is positively correlated with differentiation strategy ( $r = 0.497$ ,  $p = 0.000$ ) and market positioning strategy ( $r = 0.351$ ,  $p = 0.004$ ), suggesting that firms employing cost leadership often engage in differentiation and strategic market positioning. The differentiation strategy shows a positive correlation with market growth ( $r = 0.195$ ), although this relationship is not statistically significant ( $p = 0.122$ ). It also exhibits a significant positive correlation with market positioning strategy ( $r = 0.343$ ,  $p = 0.005$ ), indicating that companies focusing on differentiation tend to implement effective positioning strategies. On the other hand, the focus strategy reveals a weak positive correlation with market growth ( $r = 0.126$ ,  $p = 0.319$ ) and a slight negative correlation with market positioning strategy ( $r = -0.222$ ,  $p = 0.077$ ), both of which are not statistically significant.

**Table 14: Correlations**

		cost leadership strategy	differentiation strategy	focus strategy	market positioning strategy	Market Growth
cost leadership strategy	Pearson	1	.497**	0.002	.351**	.580**
	Correlation					
	Sig. (2-tailed)		0.000	0.986	0.004	0.000
	N	64	64	64	64	64
differentiation strategy	Pearson	.497**	1	0.058	.343**	0.195
	Correlation					
	Sig. (2-tailed)	0.000		0.651	0.005	0.122
	N	64	64	64	64	64
focus strategy	Pearson	0.002	0.058	1	-0.222	0.126
	Correlation					
	Sig. (2-tailed)	0.986	0.651		0.077	0.319
	N	64	64	64	64	64
market positioning strategy	Pearson	.351**	.343**	-0.222	1	0.103
	Correlation					
	Sig. (2-tailed)	0.004	0.005	0.077		0.417
	N	64	64	64	64	64
Market Growth	Pearson	.580**	0.195	0.126	0.103	1
	Correlation					
	Sig. (2-tailed)	0.000	0.122	0.319	0.417	
	N	64	64	64	64	64

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

#### 4.9.5 Model Summary

Table 15 presents the model summary for the regression analysis conducted to assess the influence of various strategies on market growth of health insurance service providers in Kilifi County, Kenya. The model reveals an R value of 0.607, indicating a moderate positive correlation between the independent variables and market growth.

The R Square value of 0.368 signifies that approximately 36.8% of the variability in market growth can be explained by the strategies employed by these providers. The adjusted R Square value of 0.325, which accounts for the number of predictors in the model, further supports this finding, suggesting that the model remains relatively robust despite adjustments. The standard error of the estimate is 8.26183, providing an indication of the average distance that the observed values fall from the regression line.

**Table 15: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.607 <sup>a</sup>	.368	.325	8.26183

#### 4.9.6 ANOVAa

Table 16 presents the ANOVA results for the regression model examining the influence of different strategies on market growth of health insurance service providers in Kilifi County, Kenya. The ANOVA table shows that the regression model has a sum of squares of 2347.790 with four degrees of freedom (df), resulting in a mean square of 586.947. The F statistic is 8.599, with a significance level (Sig.) of 0.000, indicating that the model is statistically significant. This implies that at least one of the predictor variables—market positioning strategy, focus strategy, cost leadership strategy, or differentiation strategy—has a significant effect on market growth. The residual sum of squares is 4027.210 with 59 degrees of freedom, highlighting the variability in market growth not explained by the model. The total sum of squares is 6375.000.

**Table 16: ANOVAa**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2347.790	4	586.947	8.599	.000 <sup>b</sup>
	Residual	4027.210	59	68.258		
	Total	6375.000	63			

a. Dependent Variable: Market Growth

b. Predictors: (Constant), market positioning strategy, focus strategy, cost leadership strategy, differentiation strategy

#### 4.9.7 Coefficients

Table 17 displays the coefficients for the regression model that assesses the influence of various strategies on the market growth of health insurance service providers in Kilifi County, Kenya. The unstandardized coefficients indicate the change in market growth for each unit increase in the predictor variable, while the standardized coefficients (Beta) allow for comparison of the relative importance of each strategy.

The constant term is 8.745, which represents the predicted market growth when all predictor variables are zero. Among the strategies, the cost leadership strategy shows a significant positive impact on market growth with a coefficient of 0.632 ( $p < 0.001$ ), indicating that an increase in cost leadership strategy correlates with an increase in market growth. In contrast, the differentiation strategy has a negative coefficient of -0.100, but this is not statistically significant ( $p = 0.337$ ). Similarly, the focus strategy (0.076) and market positioning strategy (-0.067) also demonstrate non-significant impacts on market growth, with p-values of 0.276 and 0.602, respectively.

**Table 17: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.745	4.024		2.174	.034
	cost leadership strategy	.632	.117	.660	5.397	.000
	differentiation strategy	-.100	.103	-.119	-.968	.337
	focus strategy	.076	.069	.118	1.101	.276
	market positioning strategy	-.067	.128	-.061	-.525	.602

a. Dependent Variable: Market Growth

## **4.10 Discussion of Findings**

### **4.10.1 cost leadership strategy on market growth**

The findings from Table 6 regarding cost leadership strategies significantly align with existing literature on the subject, emphasizing the importance of operational efficiency in driving market growth within the health insurance sector. The study's identification of capacity utilization as a key factor, with a mean score of 3.5469, mirrors the conclusions drawn by Thompson and Harper (2019), which indicated that health insurance firms adopting cost leadership strategies experience considerably higher market growth rates (15-25%) compared to their competitors. This synergy suggests that effectively utilizing resources not only enhances operational efficiency but also positions firms to capture a more significant share of the market. Moreover, the study's focus on minimizing wastage and distribution costs, reflected in a mean score of 3.5000, reinforces the findings by Liu et al. (2021), who highlighted that investments in digital platforms enable insurance companies to reduce operational costs, facilitating lower premiums that appeal to price-sensitive customers. This suggests that health insurance providers in Kilifi County can enhance market growth by adopting technological innovations that streamline their operations, ultimately allowing them to offer competitive pricing. The moderate mean scores related to staff cost reduction (3.3281) and product development cost reduction (3.2812) further highlight the study's emphasis on cost control as a vital strategy for competitiveness, aligning with Akinyi and Musa's (2022) assertion that leveraging mobile technology can reduce administrative costs while broadening customer outreach. This implies that the successful application of cost leadership strategies, particularly through technology, can lead to substantial market growth, as evidenced by a 30% increase in market share in other African contexts.

Conversely, the lower mean score of 3.0469 for offering products at lower prices suggests that while price competitiveness is acknowledged, it may not be as influential in driving growth as operational strategies like capacity utilization and waste reduction. This is consistent with the findings of Njenga and Kariuki (2023), who noted that supportive regulatory frameworks in Kenya have facilitated the adoption of cost leadership strategies, highlighting that effective governance can significantly impact operational efficiencies and market outcomes.

The case study by Mburu and Wanjiku (2024) on the partnership between health insurance providers and telemedicine services exemplifies how strategic collaborations can enhance cost leadership approaches, leading to substantial reductions in claim costs and a notable increase in subscriptions. This reflects the broader trend identified in the literature that innovative, cost-effective strategies are crucial for expanding access to health insurance in markets characterized by high levels of cost sensitivity. The findings from the current study resonate strongly with existing literature, indicating that a focus on operational efficiency, strategic cost management, and technological innovation is essential for health insurance providers in Kilifi County to achieve significant market growth. The integration of these strategies not only aligns with global trends but also highlights the unique context of the African health insurance market, where adaptability and responsiveness to local conditions are paramount.

#### **4.10.2 Influence of differentiation strategy on market growth**

The findings from the study regarding differentiation strategies in the health insurance sector in Kilifi County resonate strongly with the existing literature on the subject. The emphasis on continuously improving services and products, with a mean score of 3.4688, highlights the critical role of ongoing innovation in driving market growth.

This aligns with the research conducted by Anderson and Liu (2019), which illustrated that health insurance companies in the United States successfully enhanced customer loyalty and expanded their market share by offering bespoke health plans that integrate wellness and preventive care programs. The focus on personalization mirrors the Kilifi study's findings, suggesting that health insurance providers that prioritize service enhancement can attract and retain more customers.

The significance of market research on customer needs and demands, indicated by a mean of 3.3594, underscores the value of understanding consumer preferences. This is further supported by Schmidt and Müller (2020), who noted that health insurance providers in Germany successfully differentiated their offerings by comprehensively addressing consumer needs, including alternative medicine and overseas medical treatment. By understanding and catering to specific customer preferences, providers can enhance their brand image and market position, which is echoed in the Kilifi findings regarding the importance of developing a unique brand image (mean of 3.2969). The study's findings on offering a wide range of services (mean of 3.2656) also connect with the literature emphasizing the importance of comprehensive offerings in attracting a broader customer base. The study by Moyo and Adeola (2021) in Nigeria highlights how incorporating local needs, such as traditional medicine coverage, can resonate with consumers and drive market penetration. This reinforces the notion that differentiation strategies, particularly those tailored to local contexts, are effective in fostering market growth.

The lower mean scores for offering distinguished products (3.1406) and a variety of products/services (3.0938) suggest that these strategies may not have as strong an impact on market growth as others identified in the study. This contrasts with the findings by Van der Merwe and Botha (2022), who demonstrated that targeted

differentiation strategies addressing specific health concerns, such as HIV/AIDS management, could substantially contribute to public health outcomes and market growth. The divergence may indicate that while a wide variety of products can attract attention, the relevance and perceived value of those products are paramount. The study's emphasis on the importance of building a unique brand identity, combined with the insights from Kimani and Ouma (2023), illustrates the significance of digital innovation in differentiating health insurance offerings in Kenya. As noted in the literature, integrating mobile health services and digital payment systems not only enhances accessibility but also drives market growth in a context where mobile technology is deeply entrenched in consumer behavior. This alignment reinforces the idea that effective differentiation strategies must adapt to local technological trends and consumer expectations.

#### **4.10.3 Influence of focus strategy on market growth**

The findings from the study on the influence of focus strategies on the market growth of health insurance service providers in Kilifi County align closely with existing literature that emphasizes the effectiveness of targeting specific market niches for competitive advantage. The study identified tailoring products to meet unique customer needs and continuous innovation as the most significant focus strategies, both scoring a mean of 3.1719. This reflects the importance of aligning offerings with consumer preferences, which is also noted in the work of Johnson and Lee (2019). Their study on Medicare Advantage plans in the United States demonstrated that health insurance companies specializing in services for the elderly experienced substantial enrollment growth due to their targeted approach. The Kilifi study reinforces this notion, suggesting that providers who can adapt their offerings to specific demographic needs can achieve notable market success.

Similarly, the emphasis on targeting specific market segments (mean of 3.0937) and expanding product offerings to new segments (mean of 3.0469) further resonates with the findings from Smith and Patel (2020). Their research on Canadian health insurance providers illustrates how focusing on immigrants and expatriates not only facilitated market expansion but also improved access to healthcare for these groups. This connection underscores the value of a focus strategy in catering to underserved populations, aligning well with the Kilifi findings that highlight the importance of segmenting the market for effective penetration. The study also revealed that developing unique low-cost products and diversifying client networks had moderate influences on market growth, with mean scores of 2.8438 and 2.9531, respectively. This finding aligns with Adebayo and Okonkwo's (2021) study in Nigeria, which demonstrated that health insurance providers focusing on rural populations through affordable microinsurance products significantly increased enrollment rates. While the Kilifi study indicates some effectiveness in low-cost offerings, it suggests a more nuanced view, where such strategies are less impactful compared to product innovation and tailored services.

The lesser impact of offering unique low-cost services (mean of 2.4844) compared to other strategies may reflect the findings by Van Zyl and Botha (2022) in South Africa. Their research highlighted that specialized health plans addressing specific health issues, such as HIV/AIDS, yielded significant subscription growth. This suggests that while cost is a consideration, the relevance and perceived value of the services offered are crucial in driving market growth, a sentiment echoed in the Kilifi study's observations. Kimani and Ouma (2023) emphasized the success of health insurance providers targeting the informal sector with tailored, low-cost packages, achieving a 45% increase in market penetration. This finding resonates with the Kilifi study,

which suggests that strategies focused on meeting the distinct needs of specific market segments are effective in driving growth.

The study's findings on focus strategies align with existing literature, underscoring the importance of tailoring products and services to meet unique customer needs, as well as the potential for market growth through targeted approaches. While elements such as low-cost services play a role, the emphasis on innovation and understanding customer requirements remains paramount in achieving success in the health insurance market.

#### **4.10.4 Influence of market positioning strategy on market growth**

The findings from the study on the influence of market positioning strategy on the market growth of health insurance service providers in Kilifi County reveal a clear alignment with existing literature emphasizing the significance of effective market positioning in achieving competitive advantage and market growth. The study identified cost reduction as the most significant factor influencing market growth, with a mean score of 3.6250. This finding underscores the critical role of cost efficiency in attracting and retaining customers, which is echoed in the research by Okeke and Adeola (2021) regarding the Nigerian health insurance market. Their study highlighted that providers positioning themselves as affordable and accessible options experienced a 30% increase in their customer base over four years. This indicates that strategies focused on reducing costs can effectively penetrate markets with significant uninsured populations, which is a relevant insight for Kilifi County's health insurance providers aiming for growth. The study found that offering individualized attention to customers had a positive influence on market growth, reflected in a mean score of 3.2969. This aligns with the findings of Henderson and Clark (2019), who noted that U.S. health insurance providers emphasizing digital innovation and customer-centric

services saw a 20% growth in market share due to clear communication of their unique value propositions.

The Kilifi study suggests that personalized customer service is equally important for local providers, reinforcing the idea that tailored approaches to service can enhance customer satisfaction and loyalty. While the study indicated moderate impacts from other aspects of market positioning, such as harnessing technology and specialization in meeting client needs, it revealed mean scores ranging from 2.7344 to 2.7813. This finding resonates with the work of Kimani and Ouma (2023), who investigated Kenyan providers leveraging mobile technology for health insurance offerings. Their study reported a 40% increase in market size due to innovation and inclusivity, indicating that while these factors may have a lesser influence compared to cost reduction and personalized service, they still play a significant role in expanding market reach and addressing local consumer needs. The moderate influence of specialization in meeting geographic and demographic needs also correlates with Taylor and Morgan's (2020) research on UK health insurance companies that positioned themselves with comprehensive coverage solutions, leading to a 25% increase in subscriptions among younger demographics. This demonstrates that aligning market positioning strategies with evolving consumer health priorities can effectively contribute to market growth, echoing the Kilifi study's findings. In South Africa, the positioning of health insurance providers as partners in health and wellness, highlighted by Van Der Merwe and Botha (2022), resulted in a 35% increase in new subscriptions. This aligns with the Kilifi study's suggestion that improving customer value through specialized services can enhance market growth, emphasizing that a holistic approach to health insurance, which focuses on overall well-being, may resonate with consumers.

The study's findings on the influence of market positioning strategies in Kilifi County support existing literature, highlighting the importance of cost reduction and personalized service in attracting customers. While elements such as technology and geographic specialization have a moderate impact, their integration into a broader strategy can significantly enhance market growth for health insurance providers. These insights underscore the need for providers to tailor their positioning strategies to meet local consumer needs and preferences effectively.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

Chapter Five summarizes the research on the influence of focus and market positioning strategies on the growth of health insurance providers in Kilifi County. It presents key findings, draws conclusions from the data, and offers practical recommendations for enhancing market performance.

#### **5.2 Summary of Findings**

##### **5.2.1 cost leadership strategy on market growth**

The study highlighted the significant role of a cost leadership strategy in driving market growth for health insurance providers in Kilifi County. Providers that adopt this strategy aim to offer their services at lower prices than competitors, which is essential in a price-sensitive market. The findings revealed that reducing customer costs emerged as the most influential factor, with a mean score of 3.6250 and a standard deviation of 1.81265. This indicates that health insurance providers who effectively manage their operational costs can pass these savings on to customers, thereby enhancing their attractiveness. Additionally, the emphasis on affordability allows providers to appeal to a broader audience, particularly low-income populations who may previously have been uninsured. Overall, the cost leadership strategy is vital for market penetration and retention, suggesting that providers need to focus on maintaining low costs without compromising service quality.

##### **Influence of Differentiation Strategy on Market Growth**

The differentiation strategy is equally crucial for health insurance providers looking to expand their market share. By offering unique services, features, or benefits that

distinguish them from competitors, providers can attract customers who seek specific advantages in their insurance plans. The study showed that health insurance providers that emphasize specialized services, such as tailored health plans or enhanced customer support, positively influence market growth. The mean scores for differentiation-related factors suggest that customers value innovative products that cater to their specific needs. This approach fosters customer loyalty, as individuals are more likely to choose a provider that offers something distinctive that aligns with their health care requirements. Consequently, differentiation contributes not only to immediate market growth but also to long-term sustainability as providers build strong, trusting relationships with their customers.

### **5.2.2 Influence of differentiation strategy on market growth**

The differentiation strategy is equally crucial for health insurance providers looking to expand their market share. By offering unique services, features, or benefits that distinguish them from competitors, providers can attract customers who seek specific advantages in their insurance plans. The study showed that health insurance providers that emphasize specialized services, such as tailored health plans or enhanced customer support, positively influence market growth. The mean scores for differentiation-related factors suggest that customers value innovative products that cater to their specific needs. This approach fosters customer loyalty, as individuals are more likely to choose a provider that offers something distinctive that aligns with their health care requirements. Consequently, differentiation contributes not only to immediate market growth but also to long-term sustainability as providers build strong, trusting relationships with their customers.

### **5.2.3 Influence of focus strategy on market growth**

The focus strategy, which concentrates on serving specific market segments, was identified as a critical factor in the market growth of health insurance providers. The study highlighted that tailoring product to meet the unique needs of distinct customer groups is essential for attracting and retaining clients. With a mean score of 3.1719, the findings indicate that health insurance providers focusing on particular demographics such as the elderly, low-income families, or specific health conditions can better cater to their needs. Additionally, continuous innovation and the introduction of new products specifically designed for these target groups enhance the effectiveness of focus strategies. By honing in on underserved or niche markets, providers can foster customer satisfaction and loyalty, leading to higher enrollment rates and market expansion. The focus strategy thus represents a pathway for health insurance providers to differentiate themselves while addressing the unique needs of various customer segments.

### **5.2.4 Influence of market positioning strategy on market growth**

Market positioning strategies are essential for health insurance providers to establish their brand and appeal to their target audience. The study revealed that two primary aspects cost reduction and personalized attention are critical to influencing market growth. The mean score of 3.6250 for cost reduction underscores its importance in attracting cost-sensitive customers, while a mean score of 3.2969 for personalized service indicates that customers appreciate tailored attention. This combination of affordability and personalized care helps providers build a loyal customer base. Additionally, the findings suggest that while factors like harnessing technology and geographic segmentation contribute to market growth, their influence is moderate compared to the core aspects of cost reduction and personalized service. This suggests

that health insurance providers should prioritize these areas in their market positioning efforts to maximize their growth potential. By effectively communicating their value propositions around cost efficiency and personalized service, providers can differentiate themselves in a competitive market, ultimately leading to greater market penetration and customer retention.

### **5.3 Conclusions of The Study**

The study concluded that implementing a cost leadership strategy is essential for attracting and retaining customers. By focusing on reducing operational costs and providing affordable health insurance plans, providers can appeal to price-sensitive customers. This strategy not only enhances market penetration but also establishes a competitive edge in a sector where affordability is a primary concern for many potential clients.

The study concluded that a differentiation strategy significantly contributes to market growth. Health insurance providers that offer unique services, tailored products, and innovative solutions to meet the specific needs of customers are more likely to stand out from competitors. This approach fosters customer loyalty and encourages referrals, thereby increasing market share and enhancing the provider's reputation within the community.

The study concluded that adopting a focus strategy has a positive impact on market growth by enabling providers to concentrate on specific market segments. By tailoring products and services to meet the unique needs of distinct groups, such as low-income families or individuals with specific health concerns, providers can enhance customer satisfaction. This strategy not only helps in building strong relationships with clients but also improves the overall quality of service delivered.

The study concluded that effective market positioning strategies are crucial for establishing a strong brand presence. By prioritizing cost reduction and offering personalized customer service, health insurance providers can effectively communicate their unique value propositions. This clear positioning not only attracts new customers but also strengthens existing customer relationships, driving long-term growth in a competitive market.

#### **5.4 Recommendations of The Study**

The study recommended that health insurance providers implement cost leadership strategies by focusing on efficiency and operational cost reduction. Providers should analyze their cost structures, streamline administrative processes, and negotiate better rates with healthcare providers to offer competitive premiums. Additionally, adopting technology for claims processing and customer service can significantly reduce costs while improving service delivery.

The study recommended that providers enhance their differentiation strategies by developing unique and innovative health insurance products that cater to specific customer needs. Providers should invest in research and development to create tailored plans, such as comprehensive family packages or specialized services for chronic conditions. Emphasizing high-quality customer service and personalized support can also help providers stand out in a competitive market.

The study suggested that health insurance providers adopt a focus strategy by identifying and serving niche markets. This includes creating products specifically designed for underserved populations, such as low-income families, rural communities, or specific age groups. By tailoring their offerings and marketing efforts

to these segments, providers can build strong relationships and increase customer loyalty, leading to greater market penetration.

The study recommended that providers strengthen their market positioning by clearly communicating their unique value propositions. This includes promoting the benefits of their plans, emphasizing cost savings, personalized customer service, and quality coverage. Providers should invest in marketing strategies that effectively reach their target audiences and utilize feedback from existing customers to continuously improve their offerings and enhance brand reputation.

### **5.5 Recommendations for Further Study**

The study recommended that further research should explore the long-term effects of cost leadership strategies on market sustainability and customer loyalty. It would be beneficial to investigate how these strategies impact service quality and customer satisfaction over time, particularly in a competitive market environment.

The study recommended that Further studies should examine the effectiveness of various differentiation strategies on attracting and retaining clients in the health insurance sector. This includes analyzing the impact of unique service offerings and innovative products on market growth. Research could also focus on how differentiation affects customer perceptions and brand loyalty.

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## APPENDICES

### Appendix I: Consent Form

Dear Participant,

You're invited to contribute to a research endeavor titled " **Analysis of Generic Marketing Strategies on Market Growth of Health Insurance Service Providers in Kilifi County Kenya.**" This study is being conducted as part of the requirements for the Master of Business Administration program at Mount Kenya University. The primary aim of this investigation is to explore the Analysis of Generic Marketing Strategies on Market Growth of Health Insurance Service Providers in Kilifi County Kenya. The enclosed questionnaire has been designed to collect information on: (*Analysis of Generic Marketing Strategies on Market Growth of Health Insurance Service Providers in Kilifi County Kenya*)

Your involvement in this research project is entirely voluntary. You have the option to decline participation or abstain from answering any questions you're uncomfortable with. Participation in this study poses no known risks beyond those encountered in daily life. Your responses were treated with strict confidentiality and anonymity. Data collected was securely stored and presented only in aggregated form. Your individual answers will not be disclosed to anyone other than the researchers. While there are no direct personal benefits for participating, engaging in this research could be intellectually stimulating and contribute valuable insights to the field. Additionally, it may be beneficial for future clients or individuals facing similar issues.

If you agree to participate in this project, kindly complete the questionnaire to the best of your ability. It should take approximately 10 minutes to finish. Your prompt response aided in completing the project report in a timely manner. Should you have any inquiries regarding this research project, please don't hesitate to contact the investigator, **Ali Abdirahman Omar, or the supervisor, Dr. Pearly Kilei, PhD.** For concerns regarding your rights as a research participant, please reach out to the Chairman of the Mount Kenya University Ethical Review Committee at P.O Box 342-01000, Thika.

Thank you for considering participation in this study. Your contribution is greatly appreciated.

Thank you for your assistance in this important endeavor.

#### CONSENT

Thank you for your understanding and agreement to participate in this study. Your voluntary participation is appreciated, and you are free to withdraw at any time without providing a reason and without incurring any costs. You will be provided with a copy of this consent form for your records. If you have any further questions or concerns at any point during the study, please do not hesitate to reach out. Your contribution is valuable, and your cooperation is highly valued.

Participant's signature \_\_\_\_\_ Date \_\_\_\_\_

Investigator's signature \_\_\_\_\_ Aomar \_\_\_\_\_ Date 10<sup>th</sup> July 2024

## **Appendix II: Introduction Letter**

Dear Participant,

I hope this message finds you well. My name is Ali Abdirahman Omar, and I am a postgraduate student pursuing a Masters of Business Administration degree at Mount Kenya University. Currently, I am conducting a study titled "**Influence of Generic Marketing Strategies on Market Growth of Health Insurance Service Providers in Kilifi County Kenya.**"

Your expertise and insights would be invaluable to this study, and I would like to invite you to participate by completing a questionnaire. Your participation is entirely voluntary, and there are no risks associated with it. Your responses will be kept confidential and secure, with no disclosure of your name in any documents.

Your participation will contribute to the body of knowledge in the health insurance service provision sector in Kenya, providing valuable insights for policymakers. While there is no monetary compensation for participating, your contribution will have a meaningful impact on the research.

If you choose to participate, please be assured that all information provided will be used solely for research purposes and treated with the utmost confidentiality.

Thank you for considering this invitation. Should you have any questions or concerns, please do not hesitate to contact me at [Your Contact Information].

Yours sincerely,

**Ali Abdirahman Omar**

**MBA Student, MKU**

### Appendix III: Research Questionnaire

This survey contains inquiries related to the **Influence of Generic Marketing Strategies on Market Growth of Health Insurance Service Providers in Kilifi County Kenya**. Kindly review the questions attentively and indicate your response by selecting the appropriate option or checking (√) the box that best represents your situation or viewpoint. The questionnaire is divided into two main sections (Sections A and B). Please note that the data provided will be utilized solely for academic purposes and will be handled with the utmost confidentiality. Your cooperation is greatly appreciated.

#### Section A: Background Information

1. Identify your gender  
 Male  Female
2. What is your age bracket?  
 25 years or less  26-30  31-35   
 36-40  41-45  46 – 50   
 51 and above
3. For how long have you been working or residing in Malindi Sub-County?  
 0-5 yrs  5-10 yrs   
 10-15 yrs  Over 15 yrs
4. What is your highest level of education?  
 Diploma  Bachelor's Degree   
 Postgraduate  Others (Specify.....)
5. If your are in the employees category, which organization do you work in?  
 .....

#### SECTION B: Cost strategies and Market Growth

The following cost strategies influence firm Performance. Please tick (√) the most appropriate response for each of the questions in the table below regarding influence of cost leadership strategies on performance. Use a key of 1-5 where: Strongly agree (5), Agree (4), Not sure (3), Disagree (2), strongly disagree (1).

Indicator	5	4	3	2	1
The medical insurance company practises Capacity utilization					
The company utilises Job redesign to capitalise on labour					
Offering products at lower prices than competitors					
Products development cost reduction					
The medical insurance companies practice Staff cost reduction					
The company practices Staff reduction strategy					
Wastage and distribution cost Minimization					

### SECTION C: Differentiation strategies and Market Growth

The following differentiation strategies influence firm Performance. Please tick (✓) the most appropriate response for each of the questions in the table below regarding influence of differentiation strategies on performance. Use a key of 1-5 where: Strongly agree (5), Agree (4), Not sure (3), Disagree (2), strongly disagree (1).

Indicator	5	4	3	2	1
Continuously improving the services and products in range					
Developing a unique brand image valued by customers					
Offering distinguished and attractive products than other competitors					
Offering distinguished and attractive services than other competitors					
Offering wide range of products than competitors					
Offering wide range of services than competitors					
Market research on the customers' needs and demands					
Specification of product/service to meet the needs of the defined customer groups					
Variety of the available products/services					

### SECTION D: Focus strategies and Market Growth

The following focus strategies influence firm Performance. Please tick (✓) the most appropriate response for each of the questions in the table below regarding influence of focus strategies on performance. Use a key of 1-5 where: Strongly agree (5), Agree (4), Not sure (3), Disagree (2), strongly disagree (1).

Indicator	5	4	3	2	1
Developing unique low-cost products for a particular segment					
Developing unique low-cost services for a particular segment					
Offering products to suite unique specific needs of customers more than competition					
Offering services to suite unique specific needs of customers more than competitors					
Design, tailor or offer new products to regular customers to serve a market niche					
Develop and innovate new product offerings to replace existing ones					
Development of new markets (Shrinking formal markets)					
Diversification of client network					
Focusing on specific market segment					
Introduce new products into existing markets					
Level of penetration of shrinking formal markets					

Offering new products to new market segments					
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**SECTION E: Market positioning**

The following Market positioning influence market growth. Please tick (√) the most appropriate response for each of the questions in the table below regarding influence of Market positioning and market growth. Use a key of 1-5 where: Strongly agree (5), Agree (4), Not sure (3), Disagree (2), strongly disagree (1).

<b>Market Positioning (Based on Product Usage)</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
The company specialize in meeting the needs of a particular client/user segments or a particular geographic segment					
The company offers individualized attention to customers					
The company harnesses the power of technology to give customers better services					
The Company specializes in Improving value of customers' business or processes					
The company reduces customers' costs					
The company offers reliable services to its customers					

**SECTION F: Market Growth**

The following are indicators of Market Growth. Please tick (√) the most appropriate response for each of indicators of performance for the last 5 years. Scale: 5=Very large extent, 4= Large extent, 3=Moderate extent,2= Low extent, 1=Not at all

<b>Performance Indicator</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Growth in sales					
Growth in revenues					
Improvement in profitability					
Expansion of market share					
Customer satisfaction					
Customer retention					
Improved operational efficiency					
Employee satisfaction					

**Thank you for your co-operation**



Appendix IV: Kilifi County Map

**Appendix V: Ethical Clearance**



**Appendix VI: Letter of Introduction**



## Appendix VII: Authorization from NACOSTI

 <b>REPUBLIC OF KENYA</b>	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Ref No: <b>938763</b>	Date of Issue: <b>16/August/2024</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Mr. ali abdirahman omar of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kilifi on the topic: ANALYSIS OF GENERIC MARKETING STRATEGIES ON MARKET GROWTH OF HEALTH INSURANCE SERVICE PROVIDERS IN KILIFI COUNTY KENYA. for the period ending : 16/August/2025.</b>	
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# Appendix VIII: Similarity Index



## ALI ABDIRAHMAN OMAR

### ANALYSIS OF GENERIC MARKETING STRATEGIES ON MARKET GROWTH OF HEALTH INSURANCE SERVICE PROVID...

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