

**BRAND DIFFERENTIATION AS A STRATEGY IN SUSTAINING
COMPETITIVE ADVANTAGE: A COMPARATIVE STUDY OF
NATIONAL BANK AND EQUITY BANK, ELDORET**

BY

LYDIA CHELIT NAMTALA
ELD/B/MBA/511/02457



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ABSTRACT

A company's survival depends on how well it is able to outperform its competitors. Its ability therefore to implement strategies that would ensure it dominates the market in a given industry is key in determining its competitive advantage. A number of strategies exist that correctly position the company in the market including brand management. The failure of companies to effectively employ brand management in an effort to acquire customer loyalty has led to switching of brands among customers based on customer perception. Established banks within Eldoret town have over the last few years lost considerable shares of their market to new financial entrants including banks and microfinance institutions. This has been evident in the steady decline of number of customers, deposits and loan issues which have over time been used by the banks to assess how well they are performing in the market (Obed, 2010). The situation has persisted despite a number of efforts by the banks' management to improve internal efficiency. It is against this background that the study aims to investigate how brand management can be used to enhance competitive advantage of an organization. This study aimed to; assess how brand management can enhance the bargaining power of a bank in the industry, how brand management influences new entrants' decisions, how brand management can influence customers' decision on substitutes purchase and how brand management affects industry competitors. The study was guided by Porter's Five Forces model theory (1985) of competitive advantage. The study adopted a comparative research design where National Bank of Kenya and Equity Bank will were scrutinized in the study. These two banks were chosen because they are among the most well established financial institutions in Eldoret town and thus their performance over time can be evaluated. The study targeted 320 respondents from which a sample of 66 respondents was obtained through simple, purposive and systematic sampling procedures for three categories of respondents including management staff, operational staff and customers respectively. The questionnaire was employed as the main primary data collection tool. Descriptive and inferential data analysis techniques were employed in the analysis and interpretation of collected data. The study revealed that influence of brand management on bargaining power depends on the successful brand management which is gained when banks raise their rates without losing their customers. If a bank employs brand management as a strategy to enhance competitive advantage and successfully manages to gain the competitive edge over its rivals, there is a likelihood of the institution getting what they want from those higher than their rivals. Banks should also consider the type of product that its demand decreases as the income levels rise so that the customer's decision to buy substitute products cannot be influenced by their income level.