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The Influence of Competitive Positioning on the Performance of Rated Hotels in Uasin Gishu County, Kenya.

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ABSTRACT

Rated hotels and in general hospitality industry has grown increasingly competitive, making it important for hotels to understand how strategic planning, information technology, and customer relationship management influence their performance. This study examined the influence of competitive positioning on the performance of rated hotels in Uasin Gishu County. The Guiding theory for the research is Porter's Competitive Advantage theory. A mixed-method research design was applied, drawing data from a census of 144 employees working in various managerial positions within rated hotels in the county. Data were collected by means of structured questionnaires whereas piloting done in Trans Nzoia County to enhance the instrument's reliability. Qualitative together with quantitative analytical techniques were applied. Descriptive statistics summarized the views of respondents, while there was utilization of Pearson's correlation besides multiple regression. Findings showed that competitive positioning (Mean = 3.87, SD = 0.86) was moderately to widely applied across the sampled hotels. Regression results further demonstrated that competitive positioning ($\beta = 0.266$, $p < 0.001$) has positive influence. Competitive positioning accounted for 72.4% of the variation in performance ($R^2 = 0.724$). The study concludes that hotels that consistently apply competitive positioning strategies achieve better profitability, stronger customer satisfaction and more efficient operations.

Keywords: Competitive Positioning; performance of hotels.

INTRODUCTION

Hotel performance outcome is a key determinant of how well hotels functions, particularly in an environment where competition is intensifying and guest expectations are constantly evolving. Bowie and Buttle (2023) explain that strong hotel performance goes beyond profitability to include stable occupancy rates, positive guest experiences, and smooth internal operations. In today's service-driven context, performance is increasingly assessed using wider indicators such as satisfaction of customers, service quality, employee efficiency and the capacity to respond to emerging developments like online booking systems and sustainability initiatives. Hotels that consistently create value through attentive service delivery, innovation and prudent use of resources are better positioned to retain customers and achieve long-term growth (Bowie & Buttle, 2023).

Problem statement

Rated hotels is a significant contributor towards national economy since it contributes nearly 10% of the nation's GDP in 2023 and generating KSh 352 billion in revenue (KNBS, 2024). Despite the growth of hotel establishments in Uasin Gishu County, many rated hotels continue to experience low occupancy rates, fluctuating revenues, and operational inefficiencies (Kiplagat et al., 2024). Despite this expansion, hotels in the region that have been officially rated face unstable performance metrics, marked by fluctuating revenues, operational challenges, and low occupancy rates (Kiplagat et al., 2014). According to a survey done in 2022 by Tourism Regulatory Authority, hotels in Uasin Gishu sustained occupancy rates below 50% for half of the year, whereas the national average for similar hotels stood at 65%.

In the competitive hotels, strategic management elements such as leadership, resource allocation, innovation, and customer relationship management are critical drivers of organizational success (TRA, 2023). Hotels that implement well-defined strategic management practices generate about 30% more revenue per available room (RevPAR) than those without formal strategies, according to the Kenya Hoteliers Association (2023). However, County Tourism Board's audit of 2024 showed that only 35% of rated hotels in Uasin Gishu had adopted strategic plans, highlighting a significant implementation gap.

This situation raises concerns regarding the extent to which strategic management drivers are being adopted and how they influence the performance of rated hotels in Uasin Gishu County. Hoteliers often struggle with optimizing resources, enhancing service quality and staying competitive due to a lack of clarity about how these strategic drivers align with their operational goals (Neely, 2015). The poor performance implies that some hotels may not successfully integrate their objectives with strategic drivers. In the absence of a strong understanding of the type of strategic factors that accurately impact performance, managers risk investing in expensive inventiveness that fail to produce meaningful outcomes. This study intends to examine how performance of rated hotels in Uasin Gishu County is influenced by strategic management drivers, the goal being offering practical recommendations for stakeholders in addition to policymakers.

Research objectives

To examine the influence of competitive positioning on the performance of rated hotels in Uasin Gishu County, Kenya.

Hypotheses

H_{03}: Competitive positioning has no statistically significant influence on the performance of rated hotels in Uasin Gishu County.

LITERATURE REVIEW

The use of differentiation strategies by hotels (star-rated) in Nairobi and Mombasa was examined in a study by Mwai and Muchemi (2017). Their study found that hotels which distinguished themselves by offering culturally themed experiences such as incorporating Maasai-inspired décor and serving authentic Kenyan cuisine achieved higher levels of guest satisfaction, with TripAdvisor ratings ranging between 4.2 and 4.5. In contrast, hotels with more standardized offerings recorded comparatively lower satisfaction scores, typically between 3.8 and 4.0 (Mwai & Muchemi, 2017). This high mean suggest that differentiation is a critical component in ensuring increased performance. The study further showed that investing in personalized services, such as customized safari packages and the use of multilingual staff, led to an increase in repeat bookings of between 15% and 20%.

Kiptoo and Mwangi (2019) analyzed the cost leadership strategies application among lower-tier hotels based in Nairobi, Kisumu, and Mombasa using descriptive statistical techniques. Their findings indicated that budget hotels that emphasized cost efficiency through standardized operations, bulk purchasing, and reliance on locally sourced inputs gained a larger share of the domestic and regional tourist market. These hotels recorded occupancy rates ranging from 70% to 80%, compared to 50% to 60% among mid-range establishments. By streamlining operations, such hotels reduced operational costs by about 15%, allowing them to offer competitive room rates of between USD 30 and USD 50 per night, which resonated with price-sensitive travellers. Nevertheless, the focus on cost efficiency was associated with lower guest satisfaction ratings, with average ratings of 3.5 to 3.8 on online appraisal platforms, mainly because of limited amenities besides service quality.

Ouma and Ochieng (2020) examined strategies used to position hotels within specific market niches among safari lodges as well as boutique hotels in the Maasai Mara in addition to Amboseli regions, employing a cross-sectional research design. Research found that hotels targeting upscale niche markets, such as luxury safari experiences and eco-lodges, were able to charge premium prices ranging from USD 300 to USD 600 per night and achieved profit margins that were 20% to 30% higher than those of typical hotels. Strategic collaborations with global tour operators, along with certifications such as Eco-Tourism Kenya, enhanced market visibility besides increased bookings, resulting in occupancy levels of 85% to 90% at times of heightened demand.

Niche positioning also strengthened customer loyalty, with approximately 25% of guests making return visits within two years. The study relied on case analyses of 15 lodges, combining managerial interviews with financial and booking data. Overall, existing studies tend to concentrate largely among star-accredited and affordable hotel establishments or luxury hotels, with very limited focus on micro-enterprises such as guesthouses and homestays that are prevalent in rural and emerging destinations. Similarly, much of the research focuses on established tourism centers like Nairobi town, Mombasa town plus the Maasai Mara, while emerging regions such as Lamu, Kisumu as well as the North Rift receive limited scholarly attention.

THEORETICAL REVIEW

Proposed in 1985, Porter (1985) contends that organizations accomplish greater performance by intentionally developing and maintaining advantages that set them apart from competitors (Callan & Teasdale, 2019). The theory identifies three main strategic approaches through which firms can outperform rivals: cost leadership, differentiation as well as focus. Each approach requires a business to establish its position clearly within the market by using its core strengths to satisfy client needs while responding effectively to competitive pressures (Belyaeva, 2018). A key argument of Porter's framework is that competitive success results from purposeful strategic choices rather than from random or external factors.

Within the context of rated hotels in UG County, strategic planning serves as the mechanism through which hotels determine their competitive direction. Hotels may adopt a cost leadership approach by offering affordable pricing to attract price-sensitive guests, pursue differentiation by delivering distinctive cultural or service experiences, or apply a focus strategy by targeting specific segments such as sports tourism. Through these planned strategic positions, hotels are able to strengthen their market presence and enhance overall performance.

Porter's theory closely relates to the research's objective on competitive positioning (CP). It suggests that rated hotels can outperform rivals by offering unique experiences, maintaining high-quality standards, and targeting well-defined market segments. Through effective positioning like distinctive branding, innovative service delivery, or specialized offerings hotels in Uasin Gishu County can attract more customers, boost profitability, and build stronger market presence. Strategic planning allows officially classified hotels to evaluate their internal capabilities alongside external market conditions and to establish long-term objectives that support their chosen competitive position. Through this process, hotels determine which of Porter's strategic options to adopt, such as cost leadership strategy for budget-oriented establishments or differentiation for hotels offering premium and specialized services (Teece, 2021). Effective planning therefore links organizational strengths with market opportunities in a deliberate and structured manner.

Although five forces framework encrypted by Porter provides a useful foundation for understanding competitive pressures within the hotel industry, it is most effective when used together with complementary analytical tools. In today's hospitality environment, successful strategies also require adaptability, innovation, digital integration, and a strong focus on customer needs, areas that extend beyond the traditional scope of Porter's model.

The theory applies to objective three (competitive positioning). This is because the theory explains how hotels can achieve superior performance through differentiation, cost leadership, or focus strategies. It directly supports the competitive positioning objective by showing how hotels can create and sustain market advantage.

RESEARCH METHODOLOGY

The study applied mixed-methods design, where integration through a combination of quantitative and qualitative approaches in examining the objectives. This design captures both measurable relationships such as those between leadership, innovation, strategic planning plus performance indicators like profitability and

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occupancy rates and deeper insights through interviews that explain the underlying causes of these patterns (Creswell & Creswell, 2018).

It focused on respondents occupying positions and participate in strategic decision-making within their hotels. In Uasin Gishu County, the distribution of rated hotels is as follows: two 4-star hotels, fourteen 3-star hotels, eleven 2-star hotels and nine 1-star hotels.

In this study, the population was relatively small, so a census approach was employed. This method as stated by Saunders et al. (2019) involves including all members of the population, which is particularly useful when the group is manageable in size. Using a census reduced the likelihood of sampling error besides ensuring that results captured the full range of perspectives within the population.

Stratified sampling is suitable for populations with varied characteristics, such as hotels of different star ratings (Kothari, 2019). This method divides population into separate groups or strata, increasing the probability that the sample truly represents the full population besides reducing potential bias (Saunders et al., 2019). Since the total number of hotels and respondents was relatively small, the study included all eligible participants, using a census approach to ensure that every perspective was captured.

The choice of instruments for this study was premised on research objectives, type of data required, methodology adopted notwithstanding (Hinds, 2016). The main instrument employed was a questionnaire, enabling the collection of quantitative in addition to qualitative data, providing a comprehensive representation of the population when properly administered.

Content validity here, was established for ensuring that the instruments fully covered all aspects of the concepts under investigation. This was done by seeking input from subject-matter experts who evaluated the instruments to confirm that each item was relevant and representative of the research objectives. The instruments were also compared with existing literature to ensure that they comprehensively reflected the key ideas. Furthermore, during piloting, respondents were requested to provide feedback on whether the instruments adequately captured the intended concepts preceding the main phase of data collection.

Construct validity was similarly assessed to determine if instruments effectively measured the theoretical constructs they were designed to evaluate. Statistical methods, for instance factor analysis, were utilized in examining whether the items grouped together in a way that corresponds to the underlying theoretical framework, thereby confirming that the instruments accurately represented the constructs of interest (Creswell & Creswell, 2018).

Internal consistency was chosen in this study since the questionnaire included items projected to measure the same underlying construct. Dias et al. (2019) Internal consistency was evaluated using Cronbach's alpha, with values equal to or greater than 0.7 regarded as acceptable, indicating that the instrument is reliable.

DATA ANALYSIS AND FINDINGS

Table 1 Competitive positioning and performance of rated hotels

Statement	N	Mean	STD
The hotel has developed a clear and distinctive position in the market that sets it apart from competitors.	123	3.79	0.86
Pricing decisions are designed to match the needs and expectations of the targeted customer segment.	123	3.63	0.91
A well-defined market position has improved the hotel's visibility and attracted more guest bookings.	123	4.01	0.83
Branding efforts have strengthened customer loyalty and encouraged repeat patronage.	123	4.08	0.81

Competitive positioning strategies have positively influenced both operational efficiency and financial outcomes.	123	3.84	0.88
Combined mean for competitive positioning	123	3.87	0.86

Strategic competitive positioning achieved an combine mean score of 3.87, with STD of 0.86, highlighting it as one of the most influential strategic management factors in the study. This implies that hotels largely understand the need for a unique market identity in order to boost competitiveness and overall performance. The first indicator examined whether hotels have established clear market positions through differentiation, which received a mean score of 3.79. This point to fact that many hotels actively work to distinguish themselves from competitors. Differentiation often appears in the form of unique guest experiences, themed décor, local culinary offerings, or convenient locations, with a stronger emphasis on service rather than physical products. These results align with Porter's (1985) view on competitive advantage, which underscores differentiation as a central source of improved performance. They also support the findings of Mwai and Muchemi (2017), who noted that differentiation strategies improve guest satisfaction and encourage repeat visits in Kenyan hotels.

Second item examined the degree to which pricing strategies fit the targeted market segments, yielding (mean=3.63). Results indicate that pricing decisions are frequently influenced by perception or competitor behaviour as opposed to structured segmentation or yield management strategies. Higher-rated hotels tend to implement more structured pricing strategies, whereas smaller hotels typically depend on seasonal discounts or negotiated rates. This observation is consistent with Mwangi (2020), who found that many Kenya's small and medium-sized hotels adopt reactive pricing practices because of limited analytical resources, which can reduce profitability in dynamic, competitive markets.

The study also evaluated if effective positioning increases guest visibility s well as bookings. This item recorded 4.01 as mean, highlighting the importance of market visibility besides brand recognition as competitive tools. Most hotels leverage online travel agencies and social media besides digital advertising to expand their reach, enabling mid-tier establishments to compete with larger brands. Findings aligns with Kimani and Waithaka (2016), who reported that integrating online travel agencies significantly improves booking volumes and market visibility.

Branding initiatives were assessed next, particularly their impact on guest loyalty besides recurrent visits. This item rregistered the top mean value for the section, scoring 4.08, showing that branding has become important across all star categories, not just luxury hotels. Hotels invest in logos, online presence, along with consistent service quality to enhance their brand reputation, corroborating Nduta and Kinyua (2022), who emphasized that brand recognition and consistency drive customer loyalty in Kenyan hospitality. Finally, the study examined if competitive positioning has a direct influence on operational and financial performance. Having mean of 3.84, the results indicate that managers recognize the tangible benefits of strong positioning. Hotels with strong branding and visibility tend to attract more guests, record higher occupancy levels, and maintain stronger revenue streams, consistent with Kiptoo and Mwangi (2019), who found that effective positioning improves both operational efficiency and financial outcomes.

Qualitative responses reinforced these findings. Respondents emphasized that having a clear market identity enables hotels to differentiate themselves and attract more customers. Strategies such as strong branding, high-service quality besides niche targeting particularly in areas like sports tourism and local events enhance both visibility and guest loyalty. However, some participants noted inadequate marketing budgets and a weak online presence pose challenges for smaller hotels trying outperform well-established brands.

"We have differentiated ourselves through local cuisine and excellent customer service, which has made guests prefer us over others" (Respt 18).

"Our main challenge is low brand visibility, especially on online platforms, which limits our bookings" (Respt 74).

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.853a	0.727	0.717	0.28984

Regression analysis was conducted to determine the influence of competitive positioning on the performance of rated hotels in Uasin Gishu County. The results showed that competitive positioning had a positive and statistically significant effect on hotel performance ($\beta = 0.266$, $p < 0.05$). This means that better competitive positioning is associated with improved hotel performance. Hotels that differentiate their services, strengthen their brand, and target the right market are more likely to perform better.

The overall regression model explained 72.4% of the variation in hotel performance ($R^2 = 0.724$). This value reflects the combined contribution of all the strategic management practices included in the model. It should not be interpreted as the contribution of competitive positioning alone.

ANOVA

Table 3 ANOVA results

Model		Sum of squares	Df	Mean square	F	Sig
	Regression	23.984	4	5.996	71.366	.000b
	Residual	9.007	118	.076		
	Total	32.991	122			

Results from the ANOVA test in Table 3 confirm that the regression model is statistically significant, as indicated by $F(4, 118) = 71.366$ and a p-value below 0.001. This finding shows that, when considered together, the four independent variables effectively explain variations in hotel performance. It also suggests that at least one of the strategic management factors plays a significant role in shaping performance amongst hotels studied.

The hypothesis test for strategic competitive positioning produced a p-value of 0.000, demonstrating a highly substantial influence to hotel performance. It suggests that hotels with clear and well-implemented competitive strategies are better positioned to outclass their competitors. Result highlights the importance of differentiation and market adaptableness as key drivers of superior performance outcomes. The finding concurs with studies by Mwai and Muchemi (2017) and Ouma and Ochieng (2020), which established that differentiation strategies, cost leadership approaches, and niche market positioning contribute significantly to customer satisfaction, occupancy rates, profitability, and overall hotel performance.

CONCLUSIONS AND RECOMMENDATIONS

The results underscore that clear market positioning augments both operational and financial performance. Strategic competitive positioning was concluded to be a significant driver of hotel performance, enhancing market exposure, customer loyalty besides profitability. Differentiation through service offerings, targeted branding, and unique guest experiences enables hotels to stand out in a competitive market, demonstrating that cultivating distinctive, customer-centered identities is crucial for sustained success.

The findings offer evidence that may inform tourism policies at both county and national levels, with the goal of enhancing hotel performance as well as competitiveness. The County government should support destination branding and market development initiatives that enable hotels to differentiate their services and strengthen their competitive position. Research in the future could explore the ways in which digital branding in addition to social media strategies enhance competitive positioning amongst regional hotels.

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