



**STRATEGIC FACTORS ADOPTED BY TOYOTA MOTOR CORPORATION TO GAINING COMPETITIVE ADVANTAGE IN KENYA: A CASE OF TOYOTA MOTOR DEALERS IN MOMBASA COUNTY**

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**ABSTRACT**

*The study determined strategic factors adopted by Toyota Motor Corporation to gaining competitive advantage in Kenya. The researchers sought to investigate the impact of product distinctiveness and risk taking on attaining a competitive edge in Kenya. RBV theory and Schumpeter's Innovation Theory were utilised in the study. The research design employed was a descriptive survey. The participants in the study were 10 long-standing vehicle dealerships in Mombasa CBD, each with 90 sales reps. 45 sales reps were surveyed as part of the study. The study used stratified random sampling. The questionnaire was the study's principal means of gathering data. The study relied on secondary data gleaned from Toyota's website, newsletters, and the websites and newsletters of vehicle dealers, all of which are available in hardcopy and electronic form. An SPSS version 23 program was used to generate and evaluate the acquired data, which included descriptive statistics such as frequencies, means and standard deviations. The findings were given in the form of frequency, percentages, tables, bar graphs, and pie graphs. The respondents gave their agreement and the researcher agreed with them on how the data would be used and how the results would be published and distributed. The study indicated that Toyota Motor Corporation's strategic elements have a positive significant link with achieving competitive advantage in Kenya. According to the findings of the study, Toyota's innovativeness can be ascribed to the company's willingness to participate in and foster the development of new ideas and creative processes that may lead to the creation of new market opportunities. Toyota's product differentiation strategy, which includes designing and manufacturing vehicles of superior quality and design, may allow the corporation to gain a competitive advantage. As a result, Toyota has been able to establish a strong brand image that, when potential customers see it, conjures up visions of high-quality, long-lasting automobiles. The company is able to preserve its position as a market leader by developing a diverse range of automobiles for a variety of market segments and price points.*

**Key Words:** Product Differentiation, Risk Taking, Proactiveness, and Innovativeness

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## INTRODUCTION

Competitive advantage gives an organization an advantage over its competitors and the capacity to generate more value for the company and its shareholders. When a company acquires or develops a characteristic or set of characteristics that enables it to outperform its competitors, this occurs (Geneva, 2017). It is possible for a company to get a competitive edge by making use of resources and capabilities that its competitors do not. To successfully implement a cost leadership, differentiation, or focus strategy, a company must be able to create a set of competitive methods that can be maintained over time (Bharathwaj, 2017).

Innovation is one of the most crucial building blocks of competitive advantage because it is these innovations that drive the competition in the first place. Successful inventions distinguish a company by providing it with something unique, hence increasing or establishing competitive advantage. When a firm has a competitive advantage, it can use that advantage to differentiate itself from the competition by charging a higher price, or it can use that advantage to reduce costs, allowing the company to lower the price to the consumer (Calof and Wright, 2016).

In the automotive sector, the competition between existing companies is quite fierce and intense. In this industry, there are a moderate number of competitors to choose from. Because of the significant amount of initial capital expenditure, a company that decides to quit the automobile sector may suffer significant financial losses. As a result, a company usually remains in the automobile sector for its entire existence or leaves the business if it goes bankrupt. Due to the fact that existing manufacturers will not readily exit the sector and that new entrants will also enter, the level of competition among competitors in the automobile business is heightened (Seventy 2018).

When it comes to the automobile industry, the vast majority of customers are individuals, and the bargaining strength of corporations and governments, who often purchase big fleets of

vehicles, is greater than that of individual consumers. Furthermore, if industry products are standardized and undifferentiated, and if the switching cost is reasonable low, consumers will easily switch to other suppliers (Monteverdi & The recent trends in the automobile industry indicate that consumers are seeking more fuel-efficient cars as a result of the impact of rising oil prices (Monteverdi, 2020). The recent trends in the automobile industry indicate that consumers are seeking more fuel-efficient cars as a result of the impact of rising oil prices (Monteverdi & (Shinny 2018).

As a general strategy, Toyota uses both differentiation and low costs to try and beat their competitors in the automobile industry. It is claimed that Toyota has a broad market reach that includes virtually every type of customer that is in the market for a car. When it comes to targeting a big market, Toyota is able to do so since they have something for everyone (Koufteros, 2018).

For customers who are concerned about saving the environment, Toyota offers a wide range of vehicles, including four-wheel-drive trucks and SUVs for outdoor enthusiasts and those who live in areas subject to severe weather conditions, hybrid models such as the Prius for those who are environmentally conscious and concerned with saving the environment, and standard cars for general, everyday use. With a wide range of vehicles ranging from the low-cost Toyota Corolla line of automobiles to the high-end Lexus luxury brand of cars and SUVs, Toyota caters to a wide range of customers. To meet the needs of every customer, Toyota offers a variety of vehicle options ranging from its affordable Toyota Corolla lineup to its luxurious Lexus range of automobiles and SUVs (Imai, 2016).

There are several ways in which Toyota separates itself from the competitors, including: In the first place, Toyota has been extraordinarily effective in distinguishing itself from competitors through the use of superior design and manufacturing excellence. The result has been the development of

a very strong brand image for Toyota, one that immediately conjures up ideas of high-quality, long-lasting autos in the minds of potential customers when they see it. The fact that Toyota was the first company to offer a hybrid vehicle to the market allowed them to gain a considerable amount of market share in the hybrid vehicle segment (Klibi, 2018).

Toyota keeps a careful eye on economic and demographic developments, and it sends its researchers to conduct in-depth interviews with automobile buyers. Maintaining a close ear to the ground ensures that the manufacturer remains in the greatest position to predict growing customer preferences and future trends as they emerge (Liker and Meier, 2018).

Due to an excessive emphasis on low costs, Toyota has emerged as the low-cost leader in their industry. As a result, Toyota has lost market share while also losing the capacity to maintain their market positioning as a manufacturer of exceptional design and quality, for which they have traditionally employed a differentiation strategy to acquire market share. A number of approaches, including the use of lean manufacturing processes, tight supplier selection and control, efficient distribution, and low servicing costs as a result of the development of high-quality goods, are used by Toyota to achieve its cost leadership plan. The most important thing for Toyota to accomplish is to ensure that their low-cost strategy does not result in a reduction in the great design and manufacturing quality that has been synonymous with the company (Koufteros, 2016).

Following the implementation of the public transportation law in 2004, the manner in which the motor vehicle transportation sector is conducted in Kenya has been completely transformed. The number of new entrants into the industry has been increasing steadily. As rivalry in the business grows more intense, only those providers that have effective competitive strategies will be able to remain. Players are being forced to compete harder than ever for anything that sets them apart from

the rest of the business as a result of increased competition.

### **Problem Statement**

Global competition in the automotive industry is fierce. Toyota is up against stiff competition from other automakers in a variety of markets. The globalization and consolidation of the global automobile industry is anticipated to lead to an increase in competitiveness among the major automakers (Miser, 2019). When it comes to the level of competition, it's important to consider everything from product quality and features to time required for new product development and innovation, as well as things like cost and other financial aspects like reliability and safety. As a result of increased competition and a consequently larger inventory, the company's financial health and operating results may be adversely affected (Miser, 2019). As a result of Kenya's adoption of new regulations to encourage foreign investment in the automobile sector, a number of global automakers are gradually opening in the East African nation with the goal of establishing an assembly plant as part of their goal to serve the East African market (Toyota Tsusho Africa Kwaraban ,2019).

The opening of Toyota's first Kenyan service center on Thika Road in 2018 was part of the company's strategy to better compete in the country's automotive market (Gikonyo, 2019). The company intends to reverse a trend in which most city car owners seek these services from non-Toyota connected garages by opening the new facility, which will provide spare parts, repair and maintenance. There is a good chance that local vehicle garages will be obliged to cut their prices if the move is priced moderately (Gikonyo, 2019). A cooperation between Toyota Kenya and Suzuki Motor Corp. was announced at the beginning of 2019 and saw the first five Suzuki cars being sold in Kenya under the Suzuki brand. Following CMC Holdings as the exclusive distributor of Japanese automobiles, Toyota joined forces with its fellow Japanese carmaker to become the country's second Suzuki distributor. In order to acquire an advantage

in the Kenyan market, Toyota Motor Corporation has implemented a number of strategic elements. The study focused on Toyota Motor Corporation since it is the world's largest carmaker and the global market leader in both technological innovation and global sales of automobiles. Toyota Kenya Limited provides consumers with a responsible and dependable service across the country. Most of Kenya's logistics organizations have been tapped by Toyota to ensure that vehicles and spare parts are always readily available. As a result of their relentless focus on quality and compliance with Toyota's international standards of excellence, Toyota Kenya Limited is able to compete in the marketplace.

### **Objectives of the Study**

The purpose of this study was to determine strategic factors adopted by Toyota Motor Corporation to gaining competitive advantage in Kenya. The study was guided by the following specific objectives;

- To determine the effect of product differentiation on gaining competitive advantage in Kenya.
- To determine the effect of risk taking on gaining competitive advantage in Kenya.
- To analyze the effect of pro-activeness on gaining competitive advantage in Kenya.
- To establish the effect of innovativeness on gaining competitive advantage in Kenya.

## **LITERATURE REVIEW**

### **Theoretical Framework**

#### **Discrete Choice Theory of Product Differentiation**

Anderson, Palma, and Thisse (1992) established the Discrete Choice Theory of Product Differentiation. Anderson, Palma, and Thisse (1992) claim that product distinction, which may be accomplished by factors such as quality, packaging, color, design, utility, and style, has an influence on customer decision-making.

Economic and probabilistic models of consumer behavior serve as the foundation for the discrete

choice method to decision-making. Each product has a distinct flavor that is unique to the person who consumes it. The demand function is obtained by aggregating individual decisions, while the welfare function is obtained by aggregating surpluses and losses. According to Anderson et al. (2017), product distinction in terms of quality, packaging, design, color, and style has a significant influence on customer choice and purchase decision-making. The fact that consumers make purchasing decisions based on their preferences serves as a reminder to marketers that they must understand the elements that impact these behavioural decisions.

### **Resource-Based Theory**

Resources Based View (RBV) is a theory that focuses on the internal resources that businesses have available to them (Madhani, Tywoniak, Azevedo, Ferreira and Datta, 2009). According to the resource-based approach, performance is a consequence of firm-specific resources and capabilities rather than a result of external resources and skills (Barney, 2009). This approach, known as the resource-based view (RBV), is the foundation for a business's competitive advantage, which is largely based on the use of a bundle of valued physical or intangible resources that the organization has at its disposal (Prahalad, 2015).

Using the RBV, a company may identify and isolate unique resources that are complex, intangible, and dynamic that can be used by the company to achieve and maintain a competitive edge over its competitors (Barney, 2009). The unique bundles of resources that distinguish a business provide it with a competitive advantage that other companies may not be able to replicate, hence ensuring the firm's long-term competitiveness (Wernerfelt, 1984). As stated in the RBV, successful organizations will discover their future competitiveness via the development of unique and talents, which are often implicit or intangible by nature (Wernerfelt, 1984).

### **Schumpeter's Innovation Theory**

The innovation theory of Schumpeter claims there are five ways that innovation can speed up

structural changes in a business: use of current production or selling methods that weren't available before; introduction of a new market that hadn't been in the industry before; up-to-date securing of sources of raw or relatively complete materials; and alignment of the modern industry, which may include but is not limited to the following: Companies that want to make a lot of money will have to come up with new ways to do things.

Schumpeter (2004) emphasized the importance of innovation in the entrepreneurial process. As a result, Schumpeter encourages businesses to be creative in order to remain competitive in the market. New procedures, new products, and new services are examples of how innovation manifests itself. Therefore, Schumpeter refers to innovation as the special instrument of entrepreneurs, the technique by which entrepreneurs exploit change as a chance to start a new firm or provide a new service.

#### **Porter competitive advantage theory**

Porter developed the concept of competitive advantage in (1985). Porter's theory focuses on how enterprises in a country might achieve a distinct advantage over their rivals. A new paradigm for businesses and governments to think about economies, evaluate competitive advantages of places, and determine public policy has emerged, according to Porter: "groups or clusters of linked enterprises, suppliers, related sectors, and institutions that originate in specific areas (Porter, 1990).

Factor circumstances, demand conditions, linked and supporting industries, and firm strategy, structure, and competition are the four main drivers of his model. To compete in an industry, a company has to have the right factors in place. 10 Factor circumstances include the availability of skilled personnel, infrastructure, and capital. Conditions in the industry's home market may be defined as a product's or service's home demand. Whether a country's supplier and connected industries are globally competitive defines its

related and supporting industries. As part of the fourth factor of a country's competitiveness, it defines how enterprises are founded, structured, and managed, as well as the sort of domestic competition that exists in that nation. This is the environment in which countries may achieve competitive advantage, according to Porter's theory. A "diamond" pattern is how Porter lays down these determinants (Porter, 1990).

#### **Competence Based Theory**

Competence-based theory asserts that a corporation's capacity is determined by its competitive advantages over its rivals, and so earnings are a major measure of corporate success (Prescott, 2011). In addition to previous theories, competence-based theory aims to explain how a company's success is impacted by its strategy. Thus, it may be used to evaluate a company's competitiveness and its sales, which are linked to customer happiness, and thus improve their overall market performance. (Lovelock, 2011). Applied correctly, this strategy may be effective in the administration of a corporation.

The idea also asserts that a company's success in a competitive field is dependent on its leadership and conduct (Prescott, 2011). For a company to succeed, it must have a solid strategy in place and a thorough grasp of what consumers want in the future. Developing a fresh perspective on new directions for action, planning for future company demands, and setting up the market interface to take into account client preferences are all examples of developing a dynamic capability.

#### **Empirical Review**

Kamau (2019) evaluated the impact of differentiation strategy on the performance of supermarkets in the central business district of Nakuru town. Researchers did a research study in Nakuru's central business area in order to investigate the impact of differentiation strategy on supermarket sales performance. The research predicted that there would be no statistically significant link between the product diversification approach utilized by retail supermarkets and their

sales success, and this prediction proved to be right as the results were released. In this study, a non-experimental research survey strategy was employed to collect data, and purposive and simple random sampling procedures were used to select the sample size of respondents to include in the study. The findings of the study revealed that product and physical differentiation are major variables in boosting annual sales performance at supermarkets, as determined by the researchers. According to the conclusions of the poll, if supermarkets want to remain competitive in the growing market segment, they need increase the number of product attributes and physical differentiation strategies they use.

Risk orientation, and technical innovation were investigated by Palomo (2022) in order to determine their impact on organizational performance. The results revealed that managers' pursuit of their own interests indicates that the greater the degree of professionalization of the organization, the better the level of performance that may be achieved by the company. Moreover, the findings show that professionalization improves businesses' abilities, enabling them to boost their risk-taking capacity and, as a consequence, better react to changes in the environment, which will increase their survival and, as a result, improve their performance. Because technical innovation is a critical aspect in determining corporate success, indirect professionalization has an impact on performance through increasing the inventive potential of businesses. It was also discovered that increased company willingness to take chances would lead to increased investment in technical innovation, which will in turn lead to increased productivity. As a result, risk orientation has an indirect impact on company performance.

It is possible that proactiveness will merely entail the introduction of new measures that are primarily imitations, as suggested by Pearce, Fritz, and Davis (2018). Proactiveness, on the other hand, emphasizes the alignment of services and goods with the perceived emerging market, rather than

the exploitation of the present market. Furthermore, the authors believe that proactiveness refers to the ability to respond quickly (short-term adjustments), whereas innovation may necessitate a more long-term approach in order to have an impact on organizational performance.

Using PZ Cussons as a case study, Muthoni (2017) explored the relationship between product innovation and competitive advantage in the Fast-Moving Consumer Goods (FMCG) business. Product, process, and market innovation were the three aspects of innovation that were under consideration. The results revealed that new product creation and launch into the market were major indications of achieving a competitive edge in the marketplace. When it came to achieving competitive advantage, firms that offered new goods, upgraded old ones, and created a culture of innovation among workers while giving resources were the most successful. In addition, the research discovered a favorable and statistically significant relationship between process innovation and market innovation in terms of obtaining and retaining competitive advantage. As a consequence of this research, all three elements of innovation were shown to be crucial for attaining competitive goals in the FMCG business in Kenya (Muthoni, 2017).

Research was carried out by Mutuku (2018) on the variables that determine the manufacturing competitiveness of automobile part suppliers in the Mexican state of Nuevo Leon. There are six elements, according to the findings of the research, that have a significant impact on the manufacturing competitiveness of auto component suppliers in the automotive industry. These are the ones to look out for: In this area, you can find products that have been developed through innovation, process technology, qualified human resources, support for the automobile cluster, and information technologies (information technology). When conducting scientific research, one of the most significant considerations is the method of

measurement. The following aspects, which are taken into consideration as part of the measuring

technique, are discussed in greater detail.

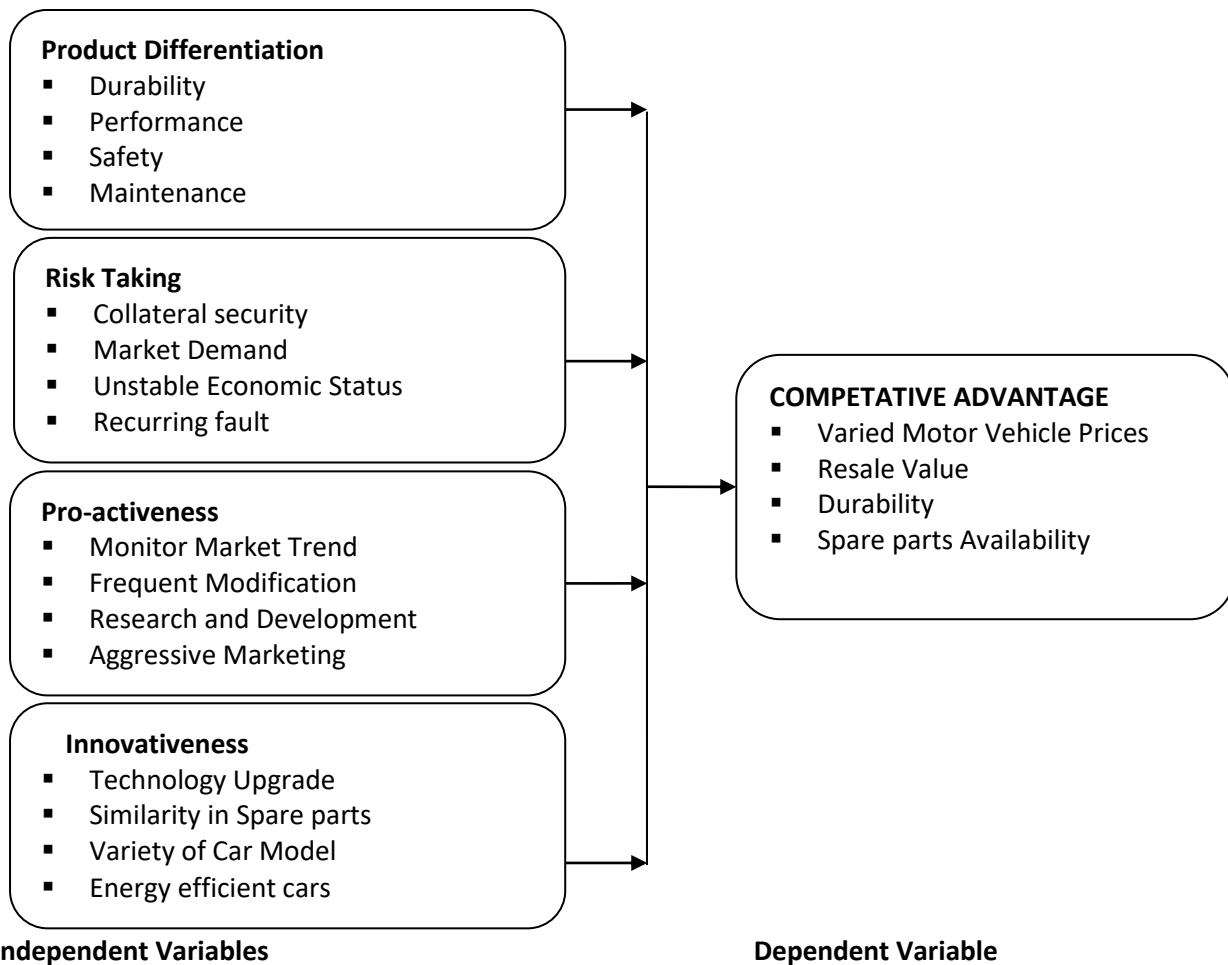


Figure 1: Conceptual Framework

**METHODOLOGY**

The study used descriptive research design which is a disposition of circumstances for acquiring and evaluating data in a way that sets to synthesize suitability with purpose of research (Kothari, 2004). The target population in this research was 90 sale representatives working in 10 car dealers who have been in operation for the past 10 years in Mombasa CBD. Stratified random sampling was utilized to collect data. The study used both closed-ended and open-ended questions to focus the responses of the respondents on a certain subject matter, allowing for easier analysis. The study made use of secondary data, which was gathered from the Toyota website and newsletters, which were all available in both printed and electronic formats. The Statistical Package for the Social Sciences (SPSS)

version 23 was used to analyze the data, yielding frequencies, means, modes, and standard deviations. The following is how the multiple regression models were created;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where;

**Y** = Competitive Advantage (Value of dependent variable)

**β<sub>0</sub>** = Constant Variable

**X<sub>1</sub>** = Risk Taking

**X<sub>2</sub>** = Pro-activeness

**X<sub>3</sub>** = Innovativeness

**ε** = An error term

**β<sub>1</sub>...β<sub>4</sub>** = The coefficients associated with the independent variables.



## FINDINGS

### Product Differentiation

**Table 1: Product Differentiation**

Product Differentiation	Mean	Std Dev
Toyota builds its cars with quality materials hence making them more durable than other car models.	4.364	0.517
Toyota cars boasts breathtaking improvement on the performance of all its new models hence making them different from other car dealers	3.615	0.475
Toyota ensure that all its cars are installed with driving Aid technology hence making them Safety for its customers	4.833	0.526
Toyota manufacture cars which are cheap to maintain hence making them attractive to many people	4.056	0.579
Toyota ensures that both its interior and interior style are appealing to its customers	3.627	0.621

The study's goal, as shown in Table 1 above, was to determine the impact of product differentiation on achieving a competitive edge in Kenyan markets. It was determined that Toyota makes their cars using high-quality materials, making them more durable than other car models. Toyota achieved an average score of 4.36, with an SD of 0.51 and a mean score of 4.364.

Toyota vehicles boasts a remarkable improvement in the performance of all of its new models, distinguishing them from their competitors. A mean of 3.615 and a standard deviation of 0.475 were reported by car dealers, indicating a difference between them. In order to protect the safety of its

customers, Toyota ensures that all of its vehicles are equipped with driver assistance technology. A mean of 4.833 and a standard deviation of 0.526 were used to calculate this statistic.

Toyota manufactures automobiles that are inexpensive to maintain, making them appealing to a wide range of individuals. The mean and standard deviation for the Toyota survey were 4.056 and 0.579, respectively. In order to ensure that both the interior and the interior style are appealing to its customers, Toyota has computed a mean of 3.627 and a standard deviation of 0.621 for its interior and interior style.

### Risk Taking

**Table 2: Risk Taking**

Risk Taking	Mean	Std Dev
The economic status of the country affect the price of the vehicle	3.624	0.538
Introduction of new Toyota car models affects the sale of the cars	4.170	0.513
We import many Toyota cars depending on the market demand	4.521	0.529
Over stay of a Toyota vehicle in the show room affects its performance	4.379	0.605
Recurring fault on a particular model of a Toyota affects its sale	4.592	0.572

The study's goal, as shown in Table 2 above, was to determine the impact of risk taking on acquiring a competitive edge in Kenya. The impact of the

country's economic situation on the price of a vehicle had a mean of 3.624 and a standard deviation of 0.538 in the study. The introduction of

new Toyota automobile models has an impact on the sales of automobiles, according to a mean of 4.170 and a standard deviation of 0.513. In accordance with market demand, Toyota automobiles were imported in a mean of 4.521 vehicles and a standard deviation of 0.529 vehicles. The performance of a Toyota vehicle is affected by

the length of time it spends in the showroom, according to a mean of 4.379 and a standard deviation of 0.605. The prevalence of a recurrent problem on a certain Toyota model has an average of 4.592 and a standard deviation of 0.572, according to the data.

### Pro-Activeness

**Table 3: Pro-Activeness**

Pro-Activeness	Mean	Std Dev
Toyota monitors its market trends and identifies future needs	4.850	0.483
Toyota modifies its cars in a very short period of time making the cars attractive	4.831	0.513
Toyota invest a lot on research and development of their cars	4.025	0.477
Toyota ensures that its spare parts are ready available and affordable so as to attract and retain its customers	4.243	0.452
Toyota use aggressive marketing on its cars hence making it popular that its competitors	4.713	0.545

Table 3 above illustrates how researchers attempted to determine the impact of pro-activeness on attaining a competitive edge in Kenya. Toyota monitors its market trends and anticipates future requirements, according to a mean and standard deviation of 4.850 and 0.483, respectively. Toyota, which spends a lot of money on research and development for their automobiles, had a mean of 4.025 and a standard deviation of 0.477 in the survey. It was determined that Toyota modifies its cars in a very short amount

of time, hence making the cars more appealing, with an average of 4.831 and a standard deviation of 0.513. Toyota guarantees that its spare parts are readily available and reasonably priced in order to attract and keep customers, according to a mean and standard deviation of 4.243 and 0.452, respectively. Toyota employs extensive marketing on their vehicles, resulting in them becoming so popular that they outperform their competition. The mean and standard deviation for Toyota vehicles were 4.713 and 0.54 respectively.

### Innovativeness

**Table 4: Innovativeness**

Innovativeness	Mean	Std Dev
Toyota improves its technology in all its new models so as to attract its customers	3.526	0.609
Toyota leadership supports innovative ideas from its employees	4.313	0.744
Toyota ensures that majority of its spare parts are similar so as to off load the customer the burden of looking for the spare parts	4.258	0.507
Toyota has a variety of cars with an aim of attracting as many customers as possible	4.640	0.582
Toyota used different types of materials on its cars so as to make their cars affordable hence being competitive	4.350	0.526

Table 4 was aimed at determine the impact of innovativeness on gaining a competitive edge in Kenya. It was found that Toyota improves its technology in every of its new models in order to attract customers. The mean was 3.526 and the standard deviation was 0.609 for this study. Toyota leadership encourages and supports innovative ideas from its staff, according to a mean and standard deviation of 4.313 and 0.744, respectively. Toyota ensures that the bulk of its spare parts are similar in order to relieve the client of the stress of

searching for replacement parts. The mean and standard deviation of the data were 4.258 and 0.507, respectively. Toyota produces a wide range of automobiles in order to attract as many customers as possible. The mean and standard deviation for Toyota were 4.640 and 0.582, respectively. Toyota employed several sorts of materials on their automobiles in order to keep their prices low and hence remain competitive. The mean and standard deviation for Toyota's cars were 4.350 and 0.526, respectively.

### Competitive Advantage

**Table 5: Competitive Advantage**

Competitive Advantage	Mean	Std Dev
Toyota varied products enables it to achieve competitive advantage over its rivals	4.387	0.712
The price of Toyota cars enables it to achieve competitive advantage over its rivals	4.275	0.707
The marketing approaches used by Toyota enables it to achieve competitive advantage over its rivals	4.662	0.549
Availability of Toyota spare parts enables it to achieve competitive advantage over its rivals	4.019	0.783
Resale value of Toyota motor vehicles enables it to be competitive in the market	3.678	0.721
Durability of Toyota Motor vehicle enables it to achieve competitive advantage over its rivals	4.76	0.870

With the results of his investigation presented in Table 5, the researcher attempted to discover how Toyota Motor Vehicle gains a competitive advantage in Kenya by providing the results of his analysis. According to the study's findings, Toyota's vast choice of products provides it with a competitive advantage over its competitors, with a mean of 4.387 and a standard deviation of 0.712 for each product. When it comes to pricing its autos, Toyota's ability to gain a competitive advantage over its competitors is evidenced by the mean and standard deviation of their prices, which are 4.275 and 0.707, respectively. In terms of Toyota's marketing methods, which enable the corporation to acquire a competitive advantage over its competitors, the mean and standard deviation were

4.6622 and 0.549, respectively, according to the data.

A competitive edge over its competitors is provided by the availability of Toyota spare parts. This is indicated by a mean and standard deviation of 4.01 and 0.78, respectively, for the availability of Toyota spare parts. 3.678, with a standard deviation of 0.721, was the average resale value for Toyota automobiles in the United States, which allows the business to maintain its competitive position in the market. Toyota Motor Corporation is able to gain a competitive advantage over its competitors due to the long-term durability of its automobiles. Both the mean and standard deviation were 4.76, and the standard deviation was 0.870, respectively.

## Correlation

**Table 6: Correlation**

		Competitive Advantage	Product Differentiation	Risk Taking	Pro-activeness	Innovation
<b>Competitive Advantage</b>	Pearson Correlation	1				
	Sig. (2 tailed)	.000				
	N	43				
<b>Product Differentiation</b>	Pearson Correlation	.507**	1			
	Sig. (2 tailed)	.000				
	N	43	43			
<b>Risk Taking</b>	Pearson Correlation	.562**	.513**	1		
	Sig. (2 tailed)	.000	.000			
	N	43	43	43		
<b>Pro-activeness</b>	Pearson Correlation	.523**	.413**	.511**	1	
	Sig. (2 tailed)	.000	.000	.000		
	N	43	43	43	43	
<b>Innovation</b>	Pearson Correlation	.519**	.453**	.565**	.622**	1
	Sig. (2 tailed)	.000	.000	.000	.000	
	N	43	43	43	43	43

\*\* Correlation is significant at the level 0.05 (2 tailed)

The results showed that each of the independent factors had a strong positive association with the dependent variable. There is a positive correlation coefficient ( $r = 0.507$ ,  $P = 0.000$ ) between product differentiation and the ability to obtain a competitive advantage in the automobile industry. There was a strong correlation ( $r = 0.562$ ,  $P = 0.000$ ) between risk taking and the potential to gain competitive advantage. To put it another way, the opportunity to gain a competitive edge rises in direct proportion to the amount of risk taken.

Competitive advantage was found to be positively associated with proactiveness in the Toyota car sector ( $r = 0.523$ ,  $p\text{-value}=0.000$ ). This shows that Toyota's competitive edge in the vehicle business can be increased by boosting the company's proactiveness. Successful innovation was strongly linked to success ( $r = 0.519$ ;  $P=0.001$ ) in terms of gaining competitive advantage. Innovation in the automobile business has a major impact on gaining a competitive advantage, according to this strong positive correlation.

**Table 7: Model Summary**

Model	R	R Square	Adjustment R Square	Std. Error of the Estimate
1	.753 <sup>a</sup>	.567	.561	1.756

- Predictors: (Constant), Product differentiation, Risk taking, Pro-activeness and Innovativeness.
- Dependent Variable: Gaining Competitive Advantage.

The R-Square, also known as the coefficient of determination, was 0.567 which imply that independent variables explained 56.7 percent of the dependent variable. Therefore, other variables not included in this study account for 43.3

percent of the variation, and other studies should be conducted in order to cover other variables not covered by 43.3 percent of the variation explained by other variables not included in this study.

## ANOVA

**Table 8: ANOVA**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.531	1	4.531	15.843	0.000
	Residual	11.720	41	0.286		
	Total	16.251	42			

a. Dependent Variable: Gaining Competitive Advantage.

b. Predictors: Product differentiation, Risk taking, Pro-activeness and Innovativeness.

ANOVA test results revealed that the strategic factors employed by Toyota Motor Corporation had a statistically significant impact on attaining competitive advantage in Kenya, as shown in the results of the study presented in Table 8 above. Because the P-value was really 0.000, which was less than the 5% level of significance, the results

were not statistically significant. Moreover, the findings revealed that the high value of F-value (15.843) combined with a significant level of 0.000 is substantial enough to draw the conclusion that strategic variables employed by Toyota Motor Corporation considerably influenced the achievement of competitive advantage in Kenya.

## Regression Coefficients

**Table 9: regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
1	(Constant)	3.527	1.538			2.675	.000
	Product Differentiation	.301	.214	.093		1.549	.017
	Risk Taking	.418	.318	.115		1.872	.029
	Pro-activeness	.147	.156	.021		.438	.041
	Innovativeness	.288	.324	.069		1.357	.038

Dependent Variable: Gaining Competitive Advantage.

$$Y = 3.527 + 0.301X_1 + 0.418X_2 + 0.041X_3 + 0.288X_4$$

According to the results of the study, product differentiation was significant at a level of 0.029, which is lower than the conventional significance level of 0.05. This study discovered a significant positive association between product differentiation and establishing a competitive advantage, which is consistent with previous findings. These findings are consistent with those of a study conducted by Dell'Era and Verganti (2019), which found that a motor vehicle's unique and

differentiating design increases the level of competitiveness in the automotive industry, allowing it to achieve sustained competitive advantage over competitors. Visual and emotional appeal, combined with new features in a car, not only provide a competitive edge, but also provide the customer with an entirely different driving experience. The results of this study are consistent with those of a study conducted by Buss (2017) who found that the entire automotive industry is going

through changes in both the exterior and interior design of cars in order to make them more unique and appealing to new generation customers, who choose cars that match their personality rather than the quality and performance of the cars they buy..

There was a 0.017 level of significance for risk taking, which is lower than the normal significance level of 0.05. According to the findings, there is a statistically significant association between taking risks and getting a competitive advantage in the marketplace. An investigation by Sadalia, Muharam, and Mulyana (2021) into the transformation of business environment: competitive advantage of the international market discovered that taking risks has a positive and significant impact on competitive advantages. Successful businesses take risks, seek and attain competitive advantage, generate high returns, and then manage risk in order to retain high returns while reducing risk. On the other hand, unsuccessful businesses may take risks but are unable to develop a competitive advantage and hence generate minimal returns. When Yang, Ishtiaq and Anwar (2018) examined the relationship between enterprise risk management practices and firm performance, they found that both competitive advantage and small- and medium-sized enterprise (SME) performance are significantly impacted by enterprise risk management practices. They also found that financial literacy had a moderating effect on this relationship. Businesses should develop formal enterprise risk management processes in order to acquire a competitive edge and improve their performance. For a company to remain competitive, top-level managers must have adequate financial training to execute risk management policies effectively.

We observed that the significance level for proactiveness is lower than the traditional significance criterion of 0.05, at just 0.041 percent. According to the findings, there is a statistically significant link between being proactive and gaining an advantage in the marketplace. Researchers Narver, Slater, and MacLachlan (2019) discovered

that proactive enterprises acquire a competitive edge by better understanding their clients, according to their study on proactive and responsive market orientations and new-product success. This knowledge gives businesses the ability to meet the hidden wants of their consumers, foresee their future demands, and provide them with a higher level of customer value in the long run. According to Day's (2020) study on reducing the marketing capability gap, firms can better create customer value by raising the amount of proactivity in their market strategies, and so achieve competitive advantage and a competitive advantage. Day's findings support these conclusions.

And the significance level for innovation was found to be 0.038, significantly below the conventional significance threshold of 0.05, which is considered statistically significant. Moreover, there appears to be a statistically significant link between product differentiation and a competitive advantage in the marketplace. According to a survey conducted by Dess, Lumpkin, and Eisner (2018), most companies believe that innovation is essential to gaining and retaining a competitive advantage in today's market. As a result of implementing a design-driven innovation approach, the competition race may be elevated to a new level of difficulty, where the competition is less intense. Manufacturers must focus their innovation efforts on developing brand-defining features in order to maintain a competitive position over the long term, as found by an Oliver Wyman (2020) study on automotive industry innovation. The study found that manufacturers' continued specialization in engineering could lead to decreased technological product differentiation.

## **CONCLUSION AND RECOMMENDATIONS**

In the automotive industry, achieving a competitive edge in the world's automobile industry while remaining stable in the current highly competitive environment of today's markets is a significant issue that must be addressed.

Towards cost leadership and competitive advantage in the automotive industry, Toyota Motor Corporation has worked hard to achieve this goal. In order to accomplish this goal, the company implemented the Toyota Production System, which ensures the production of differentiated products that are difficult to duplicate and thus difficult to imitate. In contrast, the company's involvement in market penetration and product development has been extremely beneficial in attaining a significant global market share, which has enabled it to sell at lower pricing.

By pursuing a product differentiation strategy that includes the production of automobiles with outstanding design and manufacturing quality, Toyota Motor Corporation is able to acquire a competitive edge. In addition, the corporation is able to obtain a competitive edge by manufacturing automobiles for a diverse variety of market groups and pricing ranges.

Toyota's pro-activeness is demonstrated when the company is able to predict future demands and design new car models to suit those needs ahead of the competition, allowing the company to gain advantageous positions in sourcing, funding, and access to markets before the competitors.

Because Toyota Motor Corporation operates in a technologically demanding business, the pursuit of a competitive edge has driven the company to engage in innovation, which has helped the company to become the dominant player in the automotive sector. Currently, the technology-intensive business is at a point in the market at which consumers are assaulted with a plethora of options from various automobile manufacturers. Toyota's innovativeness indicates the company's proclivity to participate in and support the invention of new ideas and creative processes that may lead to the creation of new markets.

Toyota Motor Corporation should devote a significant amount of resources to product development in order to ensure that the products available on the market are both appealing to

customers and distinctive. With this method, Toyota will be able to achieve its product differentiation objectives and so maintain its competitive advantage in the marketplace. In order to reach this goal, the company must increase its investment in research and development in order to secure the manufacture of high-quality and environmentally friendly products in the future.

Toyota Motor Corporation in Kenya through its dealers should consider how they can tailor their corporate strategies to go green by designing green innovative products and processes that would help them attain and sustain competitive advantage. This would assist in increasing the superiority of the Toyota over its rivals and also makes better the ecological and sociological performance thereby the organizational image and repute.

In order for Toyota to succeed, it needs to develop dealer networks that are based on entrepreneurs who are focused on a specific geographic area, selling Toyota brands, and providing full service for all of Toyota's brands utilizing good quality and affordable parts. When it comes to purchasing a product, consumers are willing to compromise on quality in order to save money. Furthermore, by avoiding mistakes like placing too many dealers in close proximity to one another and implementing customer service best practices, Toyota can maintain their lead in channel-driven support.

It is necessary for Toyota Motor Corporation to use information systems tools to analyze dealer sales history in order to determine the optimal amount and mix of vehicles (including option packages) to hold in inventory in order to capture and commercialize this next-generation vehicle while remaining competitive in the automotive industry. Most significantly, dealers can use improved information systems and marketing tactics to track customer data, lease renewal marketing campaigns, and historical data on sales-promotion effectiveness in order to increase future demand visibility as well as forecasting accuracy.

Toyota Motor Corporation's executive team must actively support the organization's innovation and technology management culture. This guarantees that the most important activities are given the most attention. As a result, senior executives are more likely to be interested with and devoted to technology management and innovation.

### **Recommendations for further studies**

Further studies should be done on the impact of green technology strategy as the next frontier in gaining competitive advantage in the automobile industry.

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