



Effect of Marketing Innovation Strategies on the Competitive Advantage in Tanzania banking industry: A case of Tanzania Commercial Bank in Mwanza City

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Abstract

This was supported by four specific objectives: to examine the effect of product innovation on the competitive advantage of TCB, to determine the effect of pricing innovation on the competitive advantage of TCB, to examine the effect of distribution channel innovation on the competitive advantage of TCB and to determine the effect of promotion innovation on the competitive advantage of TCB in Mwanza City. To ensure these objectives, the study adopted a descriptive research design incorporating a quantitative method approach. It took a population of 98 that comprised of TCB employees and owner/managers of TCB agents in Mwanza City and data was gathered using a structured questionnaire. Data analysis was conducted with the aid of SPSS software program version 26.0 where both descriptive and inferential statistical analyses were performed. The specified hypotheses were tested using regression analysis.

The overall findings of the study revealed that marketing innovation strategies have a positive effect on the competitive advantage of TCB. Three variables of product, price, and distribution innovation strategies each have a positive significant effect on the Bank gaining competitive advantage while promotion innovation strategy showed a minor contribution towards competitive advantage. Product innovation strategy has the highest effect on competitive advantage.

The study, recommended among others that TCB should continue developing a wide range of customer-tailored products ahead of the competition to meet changing customers' needs and technology, strengthen partnerships and alliances, with supplier companies such as fintech companies, technology providers, and other financial institutions to get access to new technologies and innovative product ideas. The study also recommends TCB to implement transparent and customer-centric pricing models as well as enhance customer personalization using data analytics.

Keywords: *Competitive advantage, Product Innovation, Pricing Innovation, Distribution Channel Innovation, Promotion Innovation.*

1.1 Introduction

The practice of marketing innovation has been growing around the world, directly reflecting on companies' investments and the productivity achieved. In the past decade, marketing innovation strategies effectively revealed that both developed and developing economies increasingly monitored their performance in the area of marketing innovation and worked on improving those (Funsho et al., 2021). Organizations tend to identify differences to remain competitive in the market, with marketing innovation

strategies being essential resources for their survival (Yasa et al., 2020).

Marketing innovation is regarded as the application of a new or improved business activity, whether in a product, pricing, distribution, or product promotion (Maina, 2023). Organizations, particularly commercial banks within an increasingly globalized market, reinvented themselves through marketing innovations to conquer space and improve performance in the search for competitive advantages (Yasa et al., 2020).

Marketing innovation previously had a vertical model known as closed innovation from within companies to the market.

However, due to the constant change in the competitive landscape, marketing innovation became horizontal, a model known as open innovation (Belkhir & Samet, 2022). This was where the market provided ideas and needs, and companies sold the solutions they developed to serve them, using internal resources through a connection and development model (Maina, 2023).

For decades, commercial banks have set the record as one of the most profitable industries in the world (Matviiets & Krevnik, 2021). Nonetheless, commercial banks have been unstable and volatile in recent years, resulting from high interest rates, escalating inflation rates, geopolitical instability, the COVID-19 pandemic, and the ongoing wars in Ukraine and Gaza (Belkhir & Samet, 2022). According to the McKinsey Global Banking Annual Review of 2022, only 35% of commercial banks globally reached a threshold of revenues above capital.

The situation had been deteriorating for state-owned commercial banks, whereby most of them had not been able to achieve returns above the cost of equity through margin increases (Chen & Lu, 2021). In developing countries, when comparing the market valuations of various bank ownership, state-owned commercial banks' performance ranked last (Belkhir & Samet, 2022). This fact, coupled with shifting market dynamics, the socio-economic circumstances of consumers, and ongoing technology advancements, meant these institutions failed to gain a competitive advantage.

Similar to other sectors, the crucial importance of achieving a competitive edge in the market for commercial banks is to enhance effectiveness in the precision of services to customers and ensure quality in service delivery. Yasa et al. (2020) argue that commercial banks had to demonstrate marketing innovation to increase their resilience to both short-term and long-term economic shocks to ensure long-term competitive advantage and thus sustainability of their operations.

State-owned commercial banks in Africa continued to experience increasing competition over the years, whereby these banks have been competing amongst themselves and against other financial institutions (Abdilahe & Davis, 2022). Most studies done in Africa emphasized the marketing innovation strategies that state-owned commercial banks needed to adopt to gain a competitive advantage (e.g. Ahmed et al., 2022).

In Tanzania, there is only one state-owned commercial bank, Tanzania Commercial Bank (TCB), which has been underperforming as evidenced by a decline in growth to 3% in contrast to the 5% growth observed in 2022. According to BoT (2024), there is also evidence of a decline in Asset Quality of state-owned commercial banks, as indicated by the rise in gross Non-Performing Loans (NPLs) from 13% in 2022 to 13.8% in 2023. This increase is significantly below the average in the industry, suggesting a comparatively weaker performance (Mkaro et al., 2023).

In light of the growing complexity of customer demands, the fluidity of regulatory conditions, and the ambiguity of the

business landscape, the primary obstacle faced by state-owned commercial banks is the imperative to develop effective marketing innovative strategies that would bolster competitiveness (Fotova, Kecek, & Lozić, 2023). Competitiveness is a fundamental notion that signifies a company's capacity to maintain its viability amidst intense competition.

In today's business world, marketing innovation strategies are crucial determinants of competitiveness and national progress. Firm marketing innovation capacities are considered the most important elements in achieving enhanced competitive advantage (Fotova, Kecek & Lozić, 2023). Marketing innovations facilitate the development of new products, the application of new process technologies, and the capacity to properly adapt to unexpected technological uncertainties (Grubisic, Kamenkovic & Kalicanin, 2022).

The link between marketing innovation strategies and company competitiveness from a long-term perspective can be traced back to the ability to innovate market processes, which is widely considered one key success factor of business performance and survival. As a result, various measures have been proposed and tested empirically to assess the degree of a company's marketing innovative ability and the relationship between innovative ability and competitive advantage (Maina, 2023).

Few studies have been made to empirically determine how marketing innovation strategies affect the competitive advantage of Tanzania commercial banks, especially in Mwanza City. In other developing countries, empirical evidence such as Ahmed et al. (2022) has shown that the most important marketing innovation strategies that affect competitive edge include product innovation pricing innovation, distributional channel innovation, and promotion innovation.

In light of the above discussion, there is a need to examine how these important marketing innovation strategies affect the competitive advantage of Tanzania Commercial Bank (TCB) which is the only State-owned commercial bank in the country.

1.3 Statement of the Problem

Tanzania Commercial Bank (TCB) a state-owned bank, encountered its share of performance in terms of experiencing low competitive advantage in the market. Among others, this problem forced the institution to embark on serious marketing innovation strategies to improve its competitive advantage (TCB, 2024). These strategies included product innovation strategies, pricing innovation strategies, distribution channel innovation strategies, and promotion innovation strategies. Despite this move, the level of competitive advantage has not significantly increased due to insufficient empirical data on how these different marketing innovation strategies impacted TCB's competitive advantage (TCB, 2024). For example, the rate of customer attraction remained relatively stagnant (TCB, 2024).

Previous research (e.g., Kisuya et al., 2023, and Timotus, 2023) on the relationship between marketing innovation strategies and competitive advantage in developing countries primarily concentrated on non-banking industries such as MSMEs, the insurance industry, renewable energy, and the manufacturing industry, often yielding inconclusive and contradictory findings. Therefore, there was a pressing need for an in-depth understanding of the relationship between marketing innovation strategies particularly product innovation, pricing innovation, distribution channel innovation and promotion innovation, and competitive advantage, particularly within the context of state-owned commercial banks such as TCB. Thus, this study sought to investigate the impact of marketing innovation strategies on the competitive advantage of TCB in Tanzania's banking industry.

1.4 Research objectives

The general purpose was to investigate the effect of marketing innovation strategies on the competitive advantage of Tanzania Commercial Bank (TCB) in Mwanza City, Tanzania.

The general objective is to investigate the effect of marketing innovation strategies on the competitive advantage in Tanzania's banking industry: A case of Tanzania Commercial Bank in Mwanza City.

This was guided by four specific objectives:

- i. To examine the effect of product innovation strategy on the competitive advantage
- ii. To determine the effect of pricing innovation strategy on the competitive advantage.
- iii. To examine the effect of distribution channel innovation strategy on the competitive advantage
- iv. To determine the effect of promotion innovation strategy on the competitive advantage.

II LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Marketing Innovation strategies

Innovation strategy is basically a strategic flexibility approach and represents the firm's strategy in adjusting to current conditions and not showing the strategic gap in any case. Basically, an innovation strategy is a detailed roadmap with a series of strips that help your organization reach its future goals. It emanates from innovation can be referred to as an act of introducing something new (process innovation); or something introduced newly (product; or object). For example, (Yeh-YunLin & Chen, 2017) described innovation as an idea, practice, process, or object that is considered new by people or the adoption Unit. Innovation is also a long-term performance indicator that is integrated with concepts like change, creativity, improvement, and risk-taking for the firms, competition mostly shapes the customer for marketing decisions (Ojenike 2024). Osei et al, (2016) also assert that innovation is the key mechanism of development strategies for entering fresh markets, entering the current profit-

enhancing market, and giving a firm a competitive advantage. These could include marketing innovation.

Marketing innovation strategy as marketing decisions is one of the activities related to generating competition between enterprises, preserving their advantages, and increasing market share. Jeanine and Harmeling (2011) explained that understanding marketing innovation strategies is critical to organizations' success, development, and long-term survival. In addition, the concept of marketing innovation strategy proposes a roadmap that enterprises such as banks, and SME can use to overcome their marketing problems to practice successful marketing activities. For instance, marketing innovation strategy means innovation in all aspects of marketing activity; therefore, it is not limited to a specific field. For example, the invention in the field of product, service, or advertising, but instead includes all other marketing areas (Sathana et al., 2018).

Companies seek to build an integrated program for the marketing mix elements (Walker, 2011). Marketing researchers have explained that the marketing innovation strategy is a roadmap for how the company can allocate its resources and link them to its environment to achieve its goal of generating economic value and keeping the company ahead of its competitors (Tantong et al., 2010). Hence, innovation strategies significantly impact marketing in terms of an organization's efficiency, cost structure, and competitive advantage. In international marketing research, scholars have applied several dimensions to refer to the marketing innovation strategy (Product innovation strategy, Pricing Innovation Strategy, Promoting Innovation Strategy, and Place/distribution channel Innovation Strategy) (Moghad Dam and Foroughi, 2012).

(i) Product innovation strategy

A product innovation strategy is a detailed plan outlining these factors and the path the organization will take to improve on its existing products and services or introduce new products and services. It is derived from product Innovation which involves significant changes/improvements to the product (s) of the commercial bank concerning issues such as image, design, and user experience. Moreover, innovation in the product can be physical or non-physical, especially for commercial bank products. In the case of a bank, product innovation refers to the creation and introduction of a good or service that is new to the market or an improved version of a previous product. As a process, It is about creating a new product or improving an existing one—to meet customers' needs in a novel way. A commercial bank that is always innovative with respect to its product offering will ensure its relevance and growth with time in the market. Thus, the ability of a commercial bank to innovate its products is regarded as a security to market share and long-term sustainability of the bank (Idah and Egessa, 2023).

(ii) Pricing innovation strategy

Innovative pricing strategy is an agile approach to pricing that allows companies to optimize revenue and maximize profits by capturing the willingness of customers to pay at any

given moment. Innovative pricing strategies are reshaping the business landscape by challenging traditional pricing norms and introducing new ways of monetizing products and services. Two key aspects of this shift include the rise of dynamic pricing and the impact of technology on pricing. Furthermore, innovative pricing strategies incorporate several key features that set them apart from traditional approaches. Personalized pricing approaches and subscription-based pricing models are two prominent examples.

When it comes to innovative pricing strategies, there is a multitude of factors that companies consider in order to stay ahead of the competition. One such factor is dynamic pricing, which involves adjusting prices in real time based on market demand, competitor pricing, and other external factors. This agile approach to pricing allows companies to optimize revenue and maximize profits by capturing the willingness of customers to pay at any given moment.

Another important aspect of innovative pricing strategies is value-based pricing. This approach focuses on setting prices based on the perceived value of the product or service to the customer, rather than solely on production costs. By aligning pricing with the value that customers place on the offering, businesses can effectively communicate the benefits of their products and justify premium pricing.

In the case of commercial banks, pricing innovation entails a process that a commercial bank does to define its products in order to set price levels based on the circumstances of the market. The concept of pricing innovation is based on the hypothesis that the combination and forces of different pricing combinations make products endogenous to the pricing decision (Moreno-Gómez et al., 2023). According to Joudeh (2022), there are 3 procedures involved in pricing innovation. These are: internal research with economic value to the customer, external research with the voice of the customer, and pricing strategy decisions.

(iii) Distribution channel innovation strategy

Distribution channel innovation strategy also called place innovation strategy is the process of creating, adopting, or modifying the ways you deliver your products or services to your customers. It can help you the company to reach new markets, increase customer satisfaction, and gain a competitive edge. Innovations in distribution channels are relevant as they are related to more efficiency and effectiveness in small and medium enterprises and improve company performance.

Place/distribution channel innovation strategy also includes identifying customer needs, current and future market needs, and exploring potential market potentials. This can be achieved through five criteria, as mentioned by Farooq (2019). These include size: openness, and interdisciplinary: What areas do these places work on? Fourth, partnerships and evaluation

Moreover, distribution channel innovation is an important category of marketing distribution strategies which involve creating new and effective methods of ensuring a bank's

products and services are effectively delivered to its clients. Innovative distribution channels assist clients to analyze and buy appropriate bank products and reach them on time. Innovative distribution channels act as a solution to what is right and pinpoint weaknesses for improvements (Moreno-Gómez et al., 2023)

(iv) Promotion innovation strategy

Promotion innovation also called innovative marketing is a method of promoting new products and services in the process of innovation. It includes researching customer behavior, needs, and trends to help you develop changes in a product's design to be more successful. With the help of the innovation promotion strategy, companies can give their businesses a decisive impulse and ensure their long-term survival in the much-contested market. Every new development starts with an idea. However, the development of innovations consists only to a small extent of initial inspiration since the usability of ideas, in particular, is often associated with a great deal of effort (Sergeeva and Zanello, 2018)

In the case of commercial banks, the promotion innovation strategy implies the capability to design new and unique strategies to increase product awareness in the market to enhance their market share. Innovations to promote the bank's products will undoubtedly improve the market share of the commercial bank. Innovations include taking advantage of the advancement of technology to improve promotion strategies. For instance, trying new technological standards is crucial for ensuring improvements in promotion methods for the bank's products/services for developing innovative products and services. Standards bring openness and faith to the promotion of innovation strategy (Joudeh, 2022).

2.1.2 Competitive advantage

Competitive advantage is an attribute of a business that offers greater consumer value or appeal to its products or services relative to its competitors. A business that has a competitive advantage over other businesses gives its target market something that competitors don't offer or can't offer. That is, in business, a competitive advantage helps a business to distinguish itself from competitors, and allows it to sometimes charge higher prices, build brand loyalty, and attract a wider market or outperform its competitors. It also refers to factors allowing a company to produce services or goods better than its rivals or factors that allow the productive entity to generate more sales or superior margins compared to its market rivals

In the case of a bank, competitive advantage is any characteristic that allows a company to outperform its rivals or anything that gives a company an edge over its competitors, helping it attract more customers and grow its market share. According to Idah and Egessa (2023), achieving a competitive advantage enables the commercial bank to position itself in the market so that it can increase its revenues compared to its competitors. In other words, these are inimitable features owned by the bank that customers perceive to be superior in relation to its competitors. For example, competitive advantage can be achieved through

several means such as possessing and better application of marketing innovation strategies.

2.2 Theoretical Literature Review

2.2.1 Resource-Based View Theory

In empirical research, the Resource-Based View Theory (RBV) is the most popular theory that has been put forward to guide the examination of the relationship between marketing innovation and competitive advantage. The Resource-Based View (RBV) theory advocated by Barney in 1991 is one of the modern theories in the field of marketing. The main argument of the RBV is that the extent of the firm's competitive advantage depends on the types and amount of resources that the firm possesses (Sabourin, 2020). Examples of resources that a firm can possess and control include organizational capabilities, current and non-current assets, information, attributes, and knowledge. The resources that the entity possesses can be utilized to enhance efficiency in the company's processes thus improving performance and competitive advantage. The main rules of the Resource-Based View Theory include heterogeneity of the firm's resources, inelasticity of supply of resources as well as high costs involved in copying these resources. In addition, according to Collins (2021), a company can improve its competitive advantage if it can be able to identify and own very important internal resources. Sabourin (2020) argues that a resource is crucial in achieving competitive advantage if it is valuable, cannot be easily substituted, is rare, and cannot be easily imitated. The four main features of crucial resources are further explained by Collins (2021). For example, resources are valuable if they can be associated with the market environment of the company to ensure opportunities are seized and threats are minimized. Secondly, resources are rare if their scarcity can be aligned with market factors. Third, resources cannot be easily imitated if competition cannot copy them. Lastly, resources cannot be easily substituted if its competitors are unable to produce equivalent resources.

Theories are usually subject to criticism and the Resource-Based View Theory is not an exception. Most theorists opposing the RBV theory have observed that the RBV Theory is static and tautological. For instance, several researchers noted that the RBV theory is stagnant and that it has not been able to tackle how an entity's actions affect the effectiveness of resources on a long-term basis (Tang et al. (2021; Varga et al., 2024). Despite such criticism, the Resource-Based View Theory has been useful in studies relating to innovation, and marketing innovation has particularly been in the spotlight. Examples of such researchers include Dajah and Alshora (2022) who have used RBV in their innovation research. The Resource-Based View Theory has also been used in research relating to marketing innovation strategies. Examples include IT which is crucial in helping the firms identify business environment changes and taking proactive actions. (Habboush, 2022). In addition, the Resource-Based View Theory has been useful in analyzing the relationship between marketing innovation and a firm's performance (Al-Surmi et

al., 2020) as well as the firm's competitive advantage (Wang et al., 2021). Since this study is dealing innovative marketing strategies in relation to competitive advantages, the RBV theory was appropriate for guiding this research.

2.3 Empirical literature review

The next subsection, is a review of past literature from different scholars relating to marketing innovation strategies of product innovation, pricing innovation, distribution channel innovation, and promotion innovation) and their effect on competitive advantage. The literature further shows the knowledge gap that this study intended to fill.

2.3.1 Product Innovation and Competitive Advantage

According to Maina (2023), firms practice product differentiation in order to increase the market share of their products in order to expand the lifecycles of current products in the market or leverage the benefits that accrued from the brand name or reputation. Product innovation strategy entailed modifying the current products or creating new but related and similar products for marketing to current customers with the help of already established channels (Maina, 2023). Product innovation attracted satisfied clients to new products due to their direct experience with the offerings of the firm.

Mochama (2021) found that product innovation encompassed aspects of product differentiation in terms of improved product features, in connection with the use to which the products were to be put, time preferences, place, product mix, the manner in which the organization with other firms, and reputation. It also varied in terms of it being rare and having low chances of being copied or imitated. For organizations to use product innovation as their source of competitive advantage, they had to ensure that customers got the product they wanted since they really did have unique needs and wants and that existing competitor products did not meet these expectations (Adan, 2020). A study by Kisuya, Kihara, and Macheru (2023) indicated that product innovation positively and directly affected competitiveness. Therefore, financial institutions need to be innovative with their products in all their operations and businesses. Nonetheless, Romina Gómez-Prado et al. (2022) indicated that product innovation was not significant in influencing competitive advantage.

Wahyono (2020) sought to determine the impact of product innovation on the competitiveness of SMEs of food products in Indonesia. The study used a population of 240 owners of businesses relating to food products in Riau, Indonesia. Multivariate regression analysis was used which involved the Structural Equation Model (SEM). Results of the study showed that a significant relationship exists between product innovation and competitive advantage. The current study focused not only on product innovation but also on pricing innovation, promotion innovation, and distribution channel innovation.

Vijaya (2021) investigated how product innovation affects the competitiveness of motor vehicles in Indonesia. The study used a target population of 620 individuals whereby out of those, 160 respondents were purposively selected. These were

surveyed using a questionnaire as the data collection tool for the study. The research involved descriptive and inferential data analysis with the use of the Partial Least Square as the regression model. The findings of the study revealed that no significant relationship exists between product innovation and competitive advantage. That study looked at the motor-vehicle sector while the current study is in the financial services sector.

In Nigeria, Adedapo and Bamiduro (2020) examined how product innovation influences competitive advantage in the manufacturing sector. The study involved a cross-section design whereby a survey of 350 respondents was made using a closed-ended questionnaire. The results of the study indicated that product innovation does influence the competitiveness of manufacturing companies in Nigeria. Although the study analyzed the relationship between marketing innovation and competitive edge in the manufacturing sector, the current study looked at more marketing innovation strategies in state-owned commercial banks

Hatammimi and Thahara (2022) investigated the impact of product innovation on competitive advantage using a quantitative approach. 100 respondents were purposively selected for the survey which involved the use of a 5-likert scale questionnaire. Descriptive and inferential data analyses were utilized to test the relationship between variables. Results of the multiple linear regression revealed that product innovation is crucial in determining the competitive advantage of culinary companies. The current study deviated from Hatammimi and Thahara (2022) study by focusing on commercial banks particularly TCB which is a state commercial bank.

Timotius (2023) sought to examine how product innovation influences the competitiveness of Indonesian Micro, Small, and Medium Enterprises (MSMEs). The study used a sample of 29 MSMEs in Indonesia. A survey used a questionnaire in data collection based on a 5-Likert scale and 35 indicators. Descriptive, correlational, and multivariate regression were performed to ascertain the relationship between the dependent and independent variables. The findings of the study revealed that product innovation strategy had a positive and significant effect on the competitiveness of MSMEs in Indonesia. This study focused on MSMEs which the current is dealing marketing strategies of a commercial bank with a network of agents spread nationally which presents different dynamics.

Kisuya et al. (2023) carried out a study to analyze the relationship between marketing innovation strategies and the competitiveness of Kenyan insurance companies. A cross-sectional study involving 55 companies and involving different categories of employees such as managers, administrators, marketers, and accountants who were purposively selected to fit the targets of the research. A combination of primary and secondary data was utilized in the data analysis process which produced descriptive statistics and multiple regression results. Results showed that both product and pricing innovation strategies do affect the

competitiveness of insurance companies in Kenya. Nonetheless, the study used only two variables to measure marketing innovation strategies. Thus, the current study added more relevant variables relevant to the Tanzanian context.

Hamdani and Ramdani (2024) carried out research to determine the relationship between competitive advantage and product innovation for soft drinks companies. The study applied the RBV Theory to analyze how product innovation affects competitive advantage in the soft drink sub-industry. A descriptive research design was used whereby data was collected from 59 individuals. Results of the linear regression model showed that product innovation strategy significantly and positively affects the competitive edge of soft drinks companies in Taiwan. Despite its value, this study used few items of product strategy in examining the dependent variable competitive advantage. The current study will add more value to this research area by analyzing more aspects relating to competitive advantage in order to add more knowledge.

Al-Azzam et al (2024) analyzed the influence of product, process, marketing, and organizational innovation on the competitive advantage of SMEs in Jordan. A survey questionnaire was administered to 491 SMEs. The results of multiple regression analysis showed that process and product innovation had the most significant impact on an organization's competitive advantage. All four innovation types positively affected competitive advantage, supporting the study's hypotheses. These findings provide empirical evidence that adopting innovation enhances SMEs' competitiveness in Jordan. The study's main strength is its contribution to scholarly knowledge on innovation-based competitive strategies for SMEs in developing economies. However, the study has added little value to marketing since the effect of marketing innovation strategies on the competitive advantage of SMEs has been previously over-researched. To deviate from this, the current study focused on analyzing in what ways marketing innovation strategies affect the competitive advantage of a public commercial bank in Tanzania.

The review of the above empirical studies has come up with inconsistent research outcomes with some finding a strong positive relationship between product innovation and competitive advantage while others have found weak to no effect at all. Hardly any study on commercial banks. This led to the formulation of the following hypotheses

H01: Product innovation has no significant effect on the competitive advantage.

Ha1: Product innovation has a significant effect on the competitive advantage.

2.3.2 Pricing Innovation and Competitive Advantage

Pricing innovation is the most challenging area of innovative marketing (Mburu, 2023). The ability to control costs for products and services at every level of production suggested a way to maintain the efficiency of production. According to Kisuya et al. (2023), price was the only element of the marketing innovation strategies that produced revenue and it was the strongest source of marketing competitive advantage.

Embracing the transformation and changes that pricing innovation can bring is crucial for a business to maintain a sustainable competitive advantage in such a complex, volatile, and competitive environment (Adomako & Ahsan, 2022). Ignoring the transformative nature of the business environment and operating with a business model that is outdated and does not move with time, can be extremely detrimental to a company and it may ultimately lead to the cannibalization of the business itself.

Baineamasanyu and Sewanyina (2020) sought to establish the effect of pricing innovation strategy on competitiveness in Uganda. The study used a case study of MTN Ltd whereby 65 respondents were surveyed in Bushenyi District. The study used both qualitative and quantitative research methods to examine the research issues. Quantitative data analysis was conducted using descriptive statistics, correlational analysis, and multiple regression whereby the OLS regression model was used. On the other hand, qualitative data was analyzed using thematic analysis. The findings of the study showed a strong relationship between pricing innovation strategy and competitive advantage. The study was in the telecommunication industry while the current study is in the banking industry.

Kwistianus (2022) carried out a study to examine the impact of pricing innovation on the competitiveness of businesses that have adopted Activity-Based Costing (ABC). Data for the study was obtained through a survey of 100 companies that use ABC. A structured questionnaire was used in the survey and the research used the Structural Equation Model with Partial Least Square statistical methods. The results of this research indicated that pricing innovation strategy was a determinant factor of competitive advantage. In addition, this research found that pricing strategy can improve competitive advantage with the implementation of an ABC System.

Price was a paramount characteristic of marketing strategy and an important component since it was the only element that contributed to the company's revenue and ultimately gained profits (Adan, 2020). It is also the most changeable component of marketing strategies. Therefore, it is important for entities to implement appropriate pricing strategies, which could result in beneficial effects such as customer satisfaction, loyalty, and retention (Mburu, 2023).

As noted above there is an inconsistency in the effect of pricing competitive advantage. For example, Kwistianus (2022) found that pricing innovation was a crucial determinant of competitive advantage. However, Mishra (2021) found that pricing innovation had no significant effect on competitive advantage. Despite these contradictions, these variables have not been examined in the context of commercial banks. Hence the following null and alternative hypotheses were formulated:

- *H02: Pricing innovation has no significant effect on the competitive advantage.*
- *Ha2: Pricing innovation has a significant effect on the competitive advantage.*

2.3.3 Distribution Channel Innovation and Competitive Advantage

A distribution channel is made up of a series of people or entities whose role is to ensure the product concerned reaches consumers at the right place and time. According to Amondi (2020), the distribution channel is made up of product design and sales, product transfer to consumers, and auxiliary services relating to sales. These are interconnected events from the point of production to the point of sale. A distribution channel involves 5 main functions which are: communication, handling, transport, storage, and assortment (Mochama, 2021).

The distribution innovation strategy intends to maximize the customer-firm relationship. In a situation where a firm faces fierce competition, it is important for the firm to be innovative in distribution channels. Many firms have incorporated technology in their distribution channels whereby the growth of Information Technology (IT) has been a catalyst for market expansion (Amondi, 2020).

In their study, Idah and Egessa (2023) demonstrated that the use of social media to innovate distribution channels impacts the competitive advantage of a company. In addition, the use of social media necessitates creativity and innovation in the branding and marketing of the bank's products. Good distribution channel innovation capabilities will aid firms in differentiating themselves from competitors and generating consumer interest in their products and services. This gives firms an advantage over their competitors.

Yusuf (2022) carried out a study to investigate the effect of distribution channel innovation on the competitive advantage of SMEs dealing with batik products. The study used a quantitative research method to examine the research issues. Quantitative data analysis was conducted using descriptive statistics and correlational analysis. The findings of the study showed a strong correlation between distribution channel innovation and competitive advantage. That study made use of correlation analysis to determine the relationship between marketing innovation strategies and competitive advantage. However, the current study used a multiple regression model to examine how each marketing innovation strategy affected competitive advantage.

Empirical studies on the relationship between distribution channel innovation and competition have been mixed. For example, a study conducted by Tang and Mesfin (2020) indicated that distribution channel innovation improved competitive advantage. Similarly, Suryati and Lusia (2022) analyzed how distribution channels affect competitive advantage. Nonetheless, Mburu (2023) found no significant relationship between distribution channel innovation and competitive advantage. Based on the discussion above, the following null and alternative hypotheses are formulated:

- *Ho3 Distribution channel innovation has no significant effect on the competitive advantage.*
- *Ha3: Distribution channel innovation has a significant effect on the competitive advantage.*

2.3.4 Promotion Innovation and Competitive Advantage

Promotion is regarded as a crucial component of marketing innovation strategies. According to Idah and Egezza (2023), promotion is also regarded as a means of communicating to the clients of new products, new ideas, and services. Chauca *et al.* (2021) argue that promotion innovation is used to influence consumer behavior once communication between the buyer and the seller has taken place. Also, Maina (2023) provides that many firms use promotion innovation as a component for creating a positive image of the firms' activities. This implies that the firm uses promotion to communicate the firm's products, services, and other positive details of the firm, thus creating brand awareness.

Farahani *et al.* (2020) examined the impact of promotion innovation on the competitive advantage of mobile companies in Iran. The purpose of this study was to review the role of advertising in competitive advantage and brand popularity of business enterprises with particular reference to Samsung Company in Tehran, Iran. To this end, 278 managers at Samsung Company dealerships in Tehran were considered as the statistical sample. To collect data, a 57-item researcher-made questionnaire was used. Both descriptive and inferential statistics methods as well as the structural equation modeling in the LISREL software, version 8, were used. Findings of the structural equation modeling indicated that advertising had a direct and positive effect on both the competitive advantage and the brand popularity of Samsung Company. This study however was with one electronics company while the present study is a state-owned commercial bank where the mode of operation is quite different.

Yasa *et al.* (2020) assessed the impact of promotion innovation on competitive advantage in Indonesia. The study used a case study of the Tenun Ikat Industry in the Bali District. A sample of 100 respondents was surveyed including business owners and managers. Both descriptive and inferential statistics were involved in data analysis. Multiple regression analysis involved a Structural Equation Model (SEM). Findings from the analysis indicated a positive and significant relationship between promotion innovation and competitive advantage. Despite its relevance, the study used limited constructs as proxies for marketing innovation. The current study included more marketing innovation strategies such as pricing, product, distribution channel, and promotion innovation.

Romina Gómez-Prado *et al.* (2022) investigated how competitiveness is affected by promotion innovation strategies in Peru. The study targeted micro businesses whereby more than 255 businesses were analyzed. The study used multiple regression analysis to determine the impact of product innovation strategy on competitive advantage. Results of the study revealed that product innovation has a significant impact on competitive advantage between businesses.

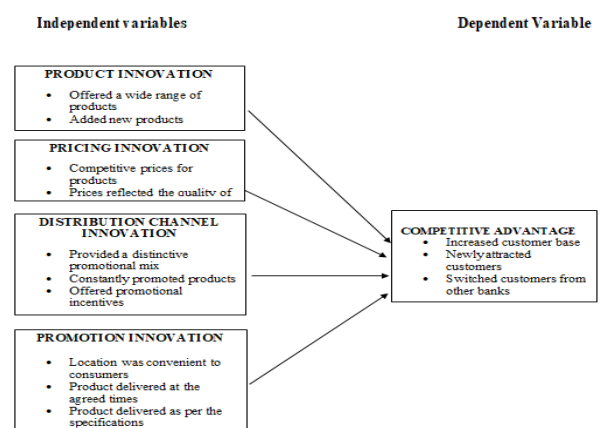
Based on the discussion above, the following null and alternative hypotheses were formulated:

- *Ho4: Promotion innovation has no significant effect on the competitive advantage*
- *Ha4: Promotion innovation has a significant effect on the competitive advantage.*

2.4 Conceptual Framework

In this subsection, a conceptual framework that represents the relationship between marketing innovation strategies and competitive advantage is depicted in Figure 1. The independent variables for this study were the four marketing innovation strategies that were considered crucial in affecting the competitive edge of Tanzania Commercial Bank (TCB) but no empirical study had been conducted so far to determine the extent of their effect. Marketing innovation strategies in this study were categorized as product innovation, pricing innovation, distribution channel innovation, and promotion innovation. The independent variable product innovation was operationalized by identifying aspects such as offering a wide range of products, adding new products, and improving products. (Joudeh *et al.*, 2023), whereas constructs to measure pricing innovation included competitive prices for products, prices reflecting the quality of products, and prices being clear and announced. (Joudeh *et al.*, 2023). Moreover, distribution channel innovation is related to issues such as the provision of a distinctive promotional mix, constant promotion of products, and promotional incentives (Joudeh *et al.*, 2023). Finally, promotion innovation was operationalized by identifying the following constructs: convenient location to consumers, product delivery at the agreed times, and product delivery as per the specifications (Joudeh *et al.*, 2023). On the other hand, the dependent variable of competitive advantage was measured in terms of increased customer base, newly attracted customers, and switched customers from other banks. Previous studies in various industries and countries have found that marketing innovation strategies affect organization's competitive advantage (Kumbara and Afuan 2020; Mochama 2021; Grubisic *et al.* 2022; Dajah and Alshora 2022; Habboush 2022; Joudeh 2022; Idah and Egezza 2023; Sudirjo 2023; Kisuya *et al.* 2023; Moreno-Gómez *et al.* 2023; Al-Azzam *et al.* 2024; Khunin and Al-Nsour 2024) which this research tested in the context of TCB in Mwanza city council.

Figure 1: Conceptual Framework



III RESEARCH METHODS

3. Research Methodology

This research paper adopted a descriptive (quantitative) approach because it was more appropriate to the nature and objectives of the study (Kothari 2017) and helped to explain each phenomenon characteristic of the study. This approach described the level of the marketing innovation strategies of the state-owned bank (TCB) and its competitive advantage. The data was gathered from 55 employees of TCB and 45 Agents of TCB in Mwanza City using structured and self-administered questionnaires whereby respondents were asked to give information on product innovation, pricing innovation, distribution innovation, and promotion innovation strategies as they relate to competitive advantage.

Data analysis was conducted with the aid of SPSS software program version 26.0 where both descriptive and inferential statistical analyses were performed. In particular, frequencies, percentages, mean scores, and standard deviation as well as correlation and regression analyses were used. The resultant presentation of the analysis was depicted using tables.

IV RESULTS

4.1 Reliability Tests of Instrument

In order to establish the degree of reliability, consistency, internal stability, and accuracy of the instrument, a pilot study was conducted. That pilot study was carried out with fifteen (15) respondents randomly selected from another commercial bank with similar characteristics. Cronbach Alpha coefficients (Cronbach, 1951). which measures the stability of the study tool was calculated through the use of SPSS and is shown in Table 1

Table 1
Results of Reliability Tests

Construct	Cronbach's Alpha (α)	Number of Respondents	Number of Test Items	Comment
Competitive Advantage	0.91	15	5	Reliable
Product Innovation	0.88	15	5	Reliable
Pricing Innovation	0.89	15	5	Reliable
Distribution Channel Innovation	0.81	15	5	Reliable
Promotion Innovation	0.94	15	5	Reliable
Overall Reliability	0.82	15	25	Reliable

Table 1 shows that promotion innovation had the highest Cronbach's Alpha coefficient of 0.94 while competitive

advantage had the second highest Cronbach's Alpha coefficient of 0.91, followed by pricing innovation with a Cronbach's Alpha coefficient of 0.89. In addition, product innovation had the lowest Cronbach's Alpha coefficient of 0.88. Overall Cronbach's Alpha coefficient for the questionnaire when all constructs of the study variables were combined is 0.82. Thus, the research instrument used in this study is perceived to be reliable since all Cronbach Alpha coefficients are greater than 0.7. That is, according to Tavakol and Dennick (2011), the data collection instrument is reliable when Cronbach's Alpha coefficient is at least 0.7 and above.

4.2 Demographic profile of respondents

Table 2
Demographic Data (n=98)

Parameters	Frequency	Percent (%)	
Gender	Male	50	51.0
	Female	48	49.0
	Total	98	100.0
Age	18 to 25 Years	10	10.2
	26 to 35 Years	17	17.3
	36 to 45 Years	55	56.1
	46 to 55 Years	16	16.3
	Total	98	100.0
Education Level	Primary school and below	5	5.1
	Secondary/ High school	27	27.6
	Certificate/ Diploma	26	26.5
	Bachelor/Master degree	40	40.8
	Total	98	100.0
Work Experience	Less than 1 year	14	14.3
	1 to 5 years	35	35.7
	6 to 10 years	31	31.6
	11 to 15 years	16	16.3
	Above 15 years	2	2.0
	Total	98	100.0

The results in Table 2 show that there were 50 male respondents (51%) and 48 female respondents (49%). However, these numbers don't add up with the numbers from the majority of prior studies. For instance, women made up the vast majority of respondents in the study conducted by (Dajah & Alshora, 2022). According to Legesse (2019), fewer men than women actively participate in various surveys.

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According to the data presented in Table 2, it can be observed that 56% of the respondents fell within the age range of 36-45. Additionally, the age bracket of 26-35 accounted for 17% of the total respondents, which amounted to a total of 17 individuals. Moreover, it is worth noting that 16% of the participants fell within the age range of 46 to 55 years, while 16% belonged to the age bracket of 46 to 55 years. In contrast, just a small proportion of 10% represented the age groups of 18 to 25 years and none of the respondents were aged above 55 years. Based on the results of this study, it can be inferred that a significant proportion of the respondents consists of individuals belonging to the middle-aged demographic, more especially within the age range of 36 to 45 years. In a similar vein, Dajah and Alshora (2022) employed five discrete age cohorts, and their results align with those of the current investigation. Based on the researcher's findings, it can be deduced that the age group ranging from 36 to 45 years had the highest rate of response. Subsequently, the age range of 46 to 55 years included a total of sixteen participants.

The academic affiliations of respondents serve as a significant determinant of their demographic characteristics. The acquisition of this data is crucial for the researcher to ascertain the literacy status of the respondents. The descriptive breakdown of the respondents' educational backgrounds is presented in Table 2. The respondent's degree of education can be inferred from this. Based on the data pertaining to the educational backgrounds of the respondents, it is evident that 40.8% of individuals possess a Bachelor's/Master's degree while 27.3% have a secondary level of education. In addition, 26.3% of the respondents possess a certificate/diploma level of education while only 4% have a primary level education. Overall, the data indicated that the participants possess a high level of formal education.

Table 2 also provides a distribution of respondents based on their working experience with TCB. Results show that most respondents (i.e. 35.7%) have a working experience with TCB of 1 to 5 years. Moreover, 31.6% of respondents indicated that they worked with TCB for 6 to 10 years. In addition, 16% of respondents said that they have a working experience of 11 to 15 years with the bank while 14.5% of the respondents have a working experience of less than a year. Moreover, only 1% (i.e 2 respondents) of the respondents have significant experience working with TCB of more than 15 years. These statistics indicate that respondents were the right individuals to provide information relating to the study because they worked with TCB for quite some time.

4.3 Findings

4.3.1 Descriptive Statistics

(i) Product innovation strategy

Table 3

Product Innovation Strategy

No.	Statements	N	Mean	Std. Deviation
1	TCB offers a wide variety of products	98	3.99	1.02

to its customers.

2	TCB continually expands its product lineup with new offerings.	98	3.96	0.99
3	TCB consistently develops its products to keep up with customer needs and technological advances.	98	3.99	1.07
4	TCB's products are uniquely designed to meet customer needs and preferences.	98	3.95	1.16
5	TCB provides more customized products than other banks.	98	3.88	1.26
6	TCB tailors its products for various markets, like specialized options for rural customers.	98	3.87	1.04
7	TCB and its agency banking deliver the top products in the market compared to other banks.	98	3.94	1.22
Overall average		98	3.92	1.18

Table 3 shows that the arithmetic mean of each item of product innovation strategy ranged between (-3.88-3.99), the highest of which was statement No.1, which states that TCB offers a wide range of products to its customers which indicates a moderate effect on competitive advantage. Its overall mean of 3.82 is also moderate. These results imply that most respondents agreed that TCB offers its customers a wide range of products. In addition, Table 3 responds to the statement that TCB is constantly adding new products to its portfolio with a mean value of 3.96.

(ii) Pricing Innovation strategy

Table 4

Pricing Innovation strategy

No.	Statements	N	Mean	Std. Deviation
1	TCB offers competitive pricing	98	3.80	1.45

	for its products.				
2	TCB's prices reflect the high quality of its products.	98	3.87	1.20	
3	TCB's product prices are transparent and communicated to customers.	98	3.95	1.34	
4	TCB adjusts its prices to match what customers are willing to pay.	98	3.84	1.25	
5	TCB tailors its prices according to the services it provides.	98	3.89	1.35	
6	TCB customizes its pricing based on the specific services offered to customers.	98	3.89	1.06	
7	TCB and its agency banking provide the best prices in the market compared to other banks.	98	3.91	1.53	

Table 4 shows that the arithmetic mean of each item of the pricing innovation strategy ranged between (-3.80-3.95), the highest of which was statement No.3, which states that “The prices of the products offered by TCB are clear and communicated to customers’ which also indicate a moderate effect on competitive advantage. Its overall mean of 3.86 is also moderate. This implies that respondents rated pricing innovation strategy had a moderate effect on competitive advantage.

(iii) Distribution innovation strategy

Table 5

Distribution Channel innovation strategy

No	Statements	N	Mean	Std. Deviation
1	TCB's physical locations are conveniently close to its target customers.	98	3.57	1.34
2	TCB's locations are easy for customers to reach.	98	3.62	1.24
3	TCB is committed to	98	4.00	0.76

delivering products to customers on time.

4	TCB provides all additional sales services through its agency banking.	98	3.93	1.13
5	TCB has an extensive network of ATMs, and its agents are conveniently located near customers.	98	3.68	1.18
6	TCB's agency banking services are available to customers during extended hours.	98	3.78	1.28
7	TCB and its agency banking are strategically located compared to other banks.	98	3.88	1.75

Table 5 shows that the arithmetic mean of each item of the distribution innovation strategy ranged between -3.57-4.005, the highest of which was statement No.3, which states that “TCB is committed to delivering its products to customers at agreed times’ which indicates high effect on competitive advantage. Its overall mean of 3.73 is moderate. This implies that respondents rated distribution innovation strategy had a moderate effect on competitive advantage.

(iv) Promotion innovation strategy

Table 6 shows that the arithmetic mean of each item of the promotion innovation strategy ranged between (-3.73-3.93), the highest of which was statement No.5, which states that “TCB makes use of digital marketing tools (webpage, social media, and mobile) to market its products to customers which also indicates effect on competitive advantage. Its overall mean of 3.82 is moderate. This implies that respondents rated promotion innovation strategy had a moderate effect on competitive advantage even though TCB communicates to customers using the most updated promotional tools.

Table 6

Promotion Innovation strategy

No	Statements	N	Mean	Std. Deviation
1	TCB uses a unique mix of promotions to attract a wide range of customers.	98	3.87	1.02
2	TCB continuously promotes its products through multiple communication channels.	98	3.86	0.99



3	TCB offers various incentives to attract new customers.	98	3.81	1.01
4	TCB regularly updates customers with the latest information about its products.	98	3.81	1.07
5	TCB uses digital marketing tools, including its website, social media, and mobile channels, to reach customers.	98	3.93	1.16
6	TCB applies sales promotions when launching new products in the market.	98	3.77	1.02
7	TCB uses the most up-to-date promotional tools to communicate with customers compared to other banks.	98	3.73	1.23

2	TCB offers services that stand out from competitors, giving them a strong edge in the market.	98	3.79	1.20
3	TCB is facing more competition because of its market advantage.	98	3.76	1.34
4	TCB's profits are growing thanks to product innovations.	98	3.77	1.25
5	TCB profits are rising due to innovative pricing strategies.	98	3.77	1.35
6	TCB's profits are increasing through new distribution channels.	98	3.83	1.42
7	TCB's profits are improving due to innovative promotional strategies.	98	3.91	1.05

(v) Marketing innovation strategies and competitive Advantage status

Table 7 shows that in all the seven indicators of competitive advantages used in this study, the majority of respondents indicated mean values ranging from 3.77 to 3.93 and standard deviations of 1.05 to 1.45. These results suggest each of the innovative marketing strategies implemented within TCB, contributes to its competitive advantage. That is, all the innovative marketing strategies lead to the improvement of the bank's profitability.

Table 7

Innovation marketing strategies and Competitive advantage

No	Statements	N	Mean	Std. Dev
1	TCB's new strategies have boosted the	98	3.93	1.45

4.3.2 Correlation Analysis

Correlation analysis in this study was performed using Spearman's rank correlation coefficient. Table 8 provides the results of Spearman's rank correlation between variables of the model to test the relationship between marketing innovation strategies (i.e product innovation, pricing innovation, distribution channel innovation, and promotion innovation).

Table 8

Spearman's Rank Correlations

Variable	Competitive Advantage	Product Innovation	Pricing Innovation	Distribution Channel Innovation	Promotion Innovation
Competitive Advantage	1.000	-	-	-	-
Product Innovation	0.862**	1.000	-	-	-

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Pricing Innovation	0.620	0.576	1.000	-	-
Distribution Channel Innovation	0.781**	0.598	0.472	1.000	-
Promotion Innovation	0.835**	0.321	0.286	0.424	1.000

** denotes a significant level at 5%

Results in Table 8 indicate that there was a positive and significant correlation between product innovation and the competitive advantage of TCB ($r = 0.862$, $p\text{-value} < 0.05$). Secondly, there was a positive and significant correlation between pricing innovation and competitive advantage ($r = 0.620$, $p\text{-value} < 0.05$).

Thirdly, there was a positive and significant correlation between distribution channel innovation and the competitive advantage of TCB ($r = 0.781$, $p\text{-value} < 0.05$). This implies that designing appropriate distribution channels for TCB's products has great potential to improve the bank's competitive advantage. Furthermore, there was a positive and significant correlation between the promotion of innovation and the competitive advantage of TCB ($r = 0.835$, $p\text{-value} < 0.05$). Moreover, the correlation matrix depicts that there was no multicollinearity since none of the predictor variables had a correlation coefficient greater than 0.8.

Similarly, the findings of Yessa (2020) showed a positive correlation between competitive advantage and product innovation with a correlation coefficient of 0.465. The study also showed a positive correlation between the promotion of innovation and competitiveness with a correlation of 0.715. Nonetheless, Chauca et al. (2021) showed a negative relationship of -0.036 between pricing innovation and -0.117 between promotion innovation and competitive advantage. However, there was a positive relationship of 0.412 between product innovation and distribution channel innovation, and banks' competitiveness.

4.3.3 Results of the Multivariate Regression Analysis

The effect of market innovation strategies on competitive advantage was analyzed using an ordinal logistic regression model. Prior to running the regression model various tests were performed.

(a) Diagnostic Tests

The research conducted a regression analysis to examine the effect of marketing innovation strategies on competitive advantage. Nonetheless, regression analysis requires certain assumptions to be fulfilled because each independent variable is examined based on its unique predictability of the outcome variable. This enables the researcher to achieve unbiased estimates of the study parameters. This section evaluates whether each assumption of the ordinal logistic regression has been meeting with respect to the current data.

(i) Model Fitting Information

The purpose of the model fitting information is to assess the validity of the assumption regarding the presence of a

relationship between the independent variables and the dependent variable. This implies that the test provides outcomes comparing a simplified model (intercept only) with ordinal logistic regression. According to the data presented in Table 9, The -2 log-likelihood of the model containing only the intercept is 72.782, whereas the -2 log-likelihood of the model that includes both the intercept and independent variables is 53.961. The Chi-square statistic reveals a difference of 18.821 (specifically, 72.782 minus 53.961), which is found to be statistically significant at a significance level of $\alpha = 0.05$, with a p-value of less than or equal to .0001. Hence, our analysis demonstrates the existence of a correlation between the dependent and independent variables.

Table 9

Model Fitting Information to Determine the Effect of Marketing Innovation Strategies on Competitive Advantage

Model	-2 Log			
	Likelihood	Chi-Square	Df	Sig.
Intercept Only	72.782	-	-	-
Final	53.961	18.821	4	0.000

Link function: Logit

(ii) Goodness-of-Fit

The deviance statistic is a statistical test known as a likelihood-ratio test. The likelihood ratio test (LRT) is used to compare the goodness-of-fit of two competing models: A null model (simpler model) and an alternative model (more complex model). It helps to determine if the more complex model provides a significantly better fit to the data than the simpler model.

The likelihood ratio is employed to address the lack of fitness between the model and the data obtained. To attain this objective, the null hypothesis posited that the observed data exhibited congruence with the model that was fitted. Therefore, the findings in table 10, indicate that the deviation statistic of 55.012 lacks statistical significance, as evidenced by the p-value of 0.917, which is above the conventional threshold of 0.05. It can therefore be concluded that the null hypothesis is accepted, indicating that the observed data align with the estimated values in the fitted model.

Table 10

Goodness-of-Fit to Determine the Effect of Marketing Innovation Strategies on Competitive Advantage

Model	Chi-Square	Df	Sig
Pearson	62.657	98	0.994
Deviance	55.012	98	0.917

Link function: Logit

(iii) Pseudo R-Square

The Pseudo R-squared values in Table 11 presented are utilized to assess the impact of marketing innovation strategies on competitive advantage. Cox and Snell's pseudo-R-squared exhibits a maximum value that is not equal to 1, indicating that the whole model provides a near-perfect prediction of the result, as evidenced in Table 10 by the probability value of 0.919. The Nagelkerke numbers indicate that the likelihood of R-squared is 1.00. This implies that our model accurately predicts the outcome. In a similar vein, the McFadden value demonstrates that the probability of achieving an R-squared value of 1.000 is also present. This implies that our model accurately predicts the outcome with a high degree of precision.

Table 11

Pseudo R-Square to determine the Effect of Marketing Innovation Strategies on Competitive Advantage

Cox and Snell	0.919
Nagelkerke	1.000
McFadden	1.000

Link function: Logit

(b) Test of Parallel Lines

The objective of the parallel lines assumption test is to assess the adequacy of the model, by checking whether the relationship between the independent variables is the same across all outcome categories. The null hypothesis being tested by this test is that all of the reference categories exhibit the same slope of the model's coefficients. The Chi-square test

result of 4.139 obtained from the parallel lines model, as presented in Table 12, does not demonstrate statistical significance ($p = 0.896 > 0.05$). In other words, the slope coefficients associated with the different responder groups do not exhibit significant differences. The test ensures that the coefficients that describe the relationship between each independent variable do not vary between different categories of the dependent variable. According to the findings, it can be inferred that the model has successfully maintained its assumptions regarding parallel lines.

Table 12

Test of Parallel Lines to Determine the Effect of Marketing Innovation Strategies on Competitive Advantage

Model	-2 Log			
	Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	80.790	-	-	-
General	76.651	4.139	13	0.896

Link function: Logit

(c) Parameter Estimates

Table 13 elucidates the association between the dependent variable of competitive advantage and the independent variables of product innovation, pricing innovation, distribution channel innovation, and promotion innovation which was analyzed utilizing an ordinal logistic regression. The data sets used in this study were derived from a survey done at TCB in Mwanza city. The survey employed a questionnaire as the primary data collection instrument, and 98 respondents participated in the study.

From Table 13, the results of the multiple regression analysis show that product innovation (i.e. $\beta = 0.362$; $p \leq 0.05$), pricing innovation (i.e. $\beta = 0.333$; $p \leq 0.05$), distribution channel innovation (i.e. $\beta = 0.205$; $p \leq 0.05$), and promotion innovation (i.e. $\beta = 0.070$; $p \leq 0.05$) have a significant effect on marketing innovation strategies at TCB. All these variables are important in the regression at the 5% level of significance. The study findings on each independent variable are discussed in the subsequent sections:

Table 13

Parameter Estimates to determine the effect of marketing innovation strategies on Competitive Advantage

	B	S.E.	Wald Test	df	Sig.	90% Confidence Interval	
						Lower Bound	Upper Bound
Constant	5.328	1.792	9.287	1	0.000	1.928	8.948
Product Innovation	0.362	0.109	11.013	1	0.001	0.148	0.575
Pricing Innovation	0.333	0.103	0.101	1	0.001	0.169	0.234
Distribution channel Innovation	0.205	0.418	8.303	1	0.004	0.385	2.024
Promotion Innovation	0.070	0.472	4.225	1	0.040	1.895	0.045

Link function: Logit

(d) Results of Regression Analysis

The effect of market innovation strategies on competitive advantage was analyzed using an ordinal regression model. The regression model that was used to fulfill the study's objectives is shown below:

$$COMP = \alpha + \beta_1 POI_1 + \beta_2 PRI_2 + \beta_3 DIST_3 + \beta_4 PRO_4 + \epsilon$$

(ii)

Where:-

COMP = Competitive Advantage

α = intercept or a constant (the value of COMP when Independent Variables are 0).

β_1 to β_4 = regression coefficients of the modal (change induced by each coefficient in Y).

POI₁ = Product Innovation

PRI₂ = Pricing Innovation

DIST₃ = Distribution channel Innovation

PRO₄ = Promotion Innovation

ϵ = the error term

Table 14 elucidates the association between the dependent variable of competitive advantage and the independent variables of product innovation, pricing innovation, distribution channel innovation, and promotion innovation which was analyzed utilizing an ordinal regression. The data sets used in this study were derived from a survey done at TCB in the Mwanza region. The survey employed a questionnaire as the primary data collection instrument, and 98 respondents participated in the study.

From Table 14, the results of the multiple regression analysis show that product innovation (i.e. $\beta = 0.362$; $p \leq 0.05$), pricing innovation (i.e. $\beta = 0.333$; $p \leq 0.05$), distribution channel innovation (i.e. $\beta = 0.205$; $p \leq 0.05$), and promotion innovation (i.e. $\beta = 0.227$; $p \leq 0.05$) have a significant effect on marketing innovation strategies at TCB. All these variables are important in the regression at the 5% level of significance. The study findings on each independent variable are discussed in the subsequent sections:

Table 4.14

Parameter Estimates to determine the effect of marketing innovation strategies on Competitive Advantage

	B	S.E.	Wald Test	df	Sig.	90% Confidence Interval	
						Lower Bound	Upper Bound
Constant	5.328	1.792	9.287	1	0.000	1.928	8.948
Product Innovation	0.362	0.109	11.03	1	0.001	0.148	0.575
Pricing Innovation	0.333	0.103	0.101	1	0.001	0.169	0.234
Distribution channel Innovation	0.205	0.418	8.303	1	0.004	0.385	2.024
Promotion Innovation	0.227	0.472	4.225	1	0.040	1.895	0.045

Link function: Logit

$$Competitive\ Advantage = 5.328 + 0.362\beta_1 + 0.333\beta_2 + 0.205\beta_3 + 0.227\beta_4$$

4.4 Discussion of Findings

This study examined how marketing innovation strategies affect competitive advantage. Marketing innovation strategies were measured using product, pricing, distribution channel, and promotion innovation. The data sets were based on a survey of 98 respondents conducted at TCB in Mwanza City through a questionnaire. The study was based on four major hypotheses discussed as follows:

H_{a1}: Product Innovation Has a Positive Significant Effect on Competitive Advantage.

The study's results found a positive and significant relationship between product innovation and competitive advantage. The standardized beta value coefficient for product innovation and competitive advantage in Table 14 is 0.362 at a 95% significance level which shows a positive and significant relationship between them. Since the calculated p-value 0.001 is lower than alpha 0.05, then the alternative hypothesis that product innovation has a positive significant effect on the competitive advantage is accepted.

Findings imply that innovations in product line of TCB will positively improve the bank's competitiveness because innovation, forces commercial banks to provide new methods in products or ways of doing things, and thus, increase profits and competitiveness and maintain or increase their market share. Technological advances and high levels of competition for commercial banks require TCB to continuously innovate products which will ultimately increase the bank's competitive advantage. TCB should create product innovations with a variety of product designs, thereby increasing alternative choices, increasing the benefits or value received by customers, so that product innovation is one way for the bank to maintain and increase competitive advantage. This finding supported by previous studies of Wahyono (2020) and Vijaya (2021) which evidenced that product innovation could have a positive effect on competitive advantage. However, some other studies such as Yasa et al. (2020) indicate that product innovation does not affect competitive advantage. Apart from that, Mochama's (2021) shows that product innovation is considered one of the most influential factors determining a firm's competitiveness. In his study, Mishra (2021) concluded that product innovation as the most important determinant of

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the competitive advantage of a commercial bank. Similar conclusion was made by Kwistianus (2022). These conclusions are in line with the Resource-Based View Theory (RBV).

H_{a2}: Pricing innovation has a significant positive effect on the competitive advantage.

The study has found a positive and significant relationship between pricing innovation and competitive advantage. The standardized beta value coefficient pricing innovation and competitive advantage in table 13 is 0.333 at a 95% significance level, showing a positive and significant relationship between them. Since the calculated p-value 0.001 is lower than alpha 0.05, then the hypothesis that pricing innovation has a positive significant effect on competitive advantage is accepted.

Customers are price-sensitive thus pricing innovation has turned out positive and significant because innovation in pricing is the most powerful source of competitive advantage for commercial banks. Nonetheless, pricing innovation is least explored by state-owned commercial banks in Tanzania. Pricing innovation is important because it brings new to the industry the organization of pricing to increase customer satisfaction and bank profits. TCB sees pricing as a win/lose proposition between itself and its customers. Innovation in pricing breaks this deadlock and shows how to increase profits and customer satisfaction conjointly. This result is in agreement with Idah and Egessa (2023), who found out that the competitive advantage of commercial banks in Kenya had been highly and significantly affected by pricing innovation. Other studies which have covered the effect of pricing innovation on competitive advantage include (Moreno-Gómez et al., 2023; Sudirjo, 2023). For example, Sudirjo (2023) concluded that many firms fail to compete in the market because of not consider pricing innovation. However, this study's findings are in contrast with a few studies such as that of Timotius (2023) who found no significant relationship between pricing innovation and competitive advantage.

H_{a3}: Distribution Channel has a positive significant effect on Competitive Advantage.

The study results find a positive and significant relationship between distribution channels and competitive advantage. The standardized beta value coefficient for distribution channel and competitive advantage in table 14 is 0.205 at a 95% significance level, showing a positive and significant relationship between them. Since the calculated p-value of .004 is lower than alpha 0.05, then the hypothesis that *distribution channel innovation has a positive and significant effect on competitive advantage* is accepted.

These study findings indicate that due to poor distribution channel innovation strategies, the competitiveness of the state commercial bank becomes difficult to achieve. Appropriate innovations in the distribution of products and services are the most effective to be used in ensuring competitive advantage. These findings are also similar to those of Kisuya et al. (2023) who revealed that distribution channel innovation is an important factor in the competitive advantage of commercial

banks. Nonetheless, the findings are in contrast with Moreno-Gómez et al. (2023) who found an insignificant relationship between distribution channel innovation and competitive advantage.

H_{a4}: Promotion Innovation Has a Positive Significant Effect on Competitive Advantage.

The regression results presented in Table 14 indicate that promotion innovation has a significant and positive effect on competitiveness ($\beta = 0.070$, $p = 0.040 < 0.05$). The null hypothesis is accepted due to the significant and positive effect of promotion innovation on competitive advantage, as indicated by the computed p-value of ≤ 0.05 . The results of the study suggest that there is a positive relationship between TCB's competitive edge and its promotion strategies. The results of this study support the prevailing notion that commercial banks that invest massively in the promotion of their products and services tend to grab the greatest share of the market. The findings of this study in Table 14, are in agreement with previous studies of Wahyono (2020) and Vijaya (2021) which evidenced that promotion innovation could have a positive effect on competitive advantage. Apart from that, Mochama (2021) also showed that promotion innovation is considered one of the most influential factors, which determine a firm's competitiveness. Nevertheless, Kwistianus (2022) found no significant relationship between promotion innovation and a firm's competitiveness.

The results of this study are in line with the Resource Based View Theory where the relationship between marketing innovation strategies and competitive advantage is positive. From a marketing perspective, the innovation capabilities of a commercial bank require four sources of resources concerning equipment availability, expertise and skills, and innovation capability to exploit big data investment. The bank's capability in innovation involves an appropriate system or IT expertise to operate big data adoption. The potential of innovation through the bank's capability in big data technology may be positioned as an investment for sustained competitive advantage.

5. Conclusion

The following conclusions can be drawn based on the research problem of the effect of marketing innovation strategies on the competitive advantage of TCB in Mwanza City, Tanzania.

The following conclusions can be drawn based on the research problem of the effect of marketing innovation strategies on the competitive advantage in Tanzania's banking industry: A case of Tanzania Commercial Bank in Mwanza City.

Firstly, study findings have revealed a strong and positive relationship between product innovation and competitive advantage. For instance, when TCB introduces new, customer-oriented products, it can significantly enhance its market position. This implies that continuous improvement and innovation in the product offerings can lead to the bank

gaining a greater competitive advantage, helping TCB Bank to stand out in a competitive market. Secondly, the analysis indicated that innovative pricing strategies positively and significantly enhance TCB's market competitiveness. For example, adopting flexible pricing models that cater to various customer needs and market conditions can attract and broaden customer base.

Thirdly, the findings have shown a positive and significant effect. This means that by optimizing distribution channels such as expanding the network of ATMs, signing on more TCB agents, or improving online banking services, TCB can reach more customers effectively. Enhancing the accessibility and convenience of TCB's services can therefore boost its market presence and overall competitiveness. Fourthly, the findings have demonstrated that promotional efforts have a positive and significant impact. For instance, employing creative marketing campaigns and utilizing digital platforms like social media can attract and engage more customers in the bank's services. Improving promotional strategies, therefore, plays a crucial role in enhancing TCB's market position by increasing brand awareness and customer loyalty. The overall moderate effect of all four examined marketing innovation strategies on competitive advantage suggests that TCB is underperforming in the market but can do better if takes an aggressive market-driven approach in the way it does its business in the prevailing competitive banking industry in Tanzania.

6. Recommendations

The study has found that product innovation has a positive and significant effect on a bank's competitive advantage. The study recommends TCB continue developing a wide range of customer-tailored products ahead of competition in order to meet changing customers' needs and technology. This could involve using advanced data analytics and artificial intelligence to understand customer behavior, preferences, and financial goals. By providing tailored loan packages, savings plans, and investment options, the bank can create more value for its customers, increasing satisfaction and loyalty.

The research revealed that one of the sources of competitive advantage is networking with suppliers. TCB should strengthen partnerships and alliances, with supplier companies such as fintech companies, technology providers, and other financial institutions to get access to new technologies and innovative product ideas. Collaborations could include co-branded credit cards, integrated payment solutions, or joint investment products. These partnerships can enhance TCB Bank's product offerings, expand its customer base, and improve its market positioning, providing a competitive edge over traditional banks that rely solely on in-house product development.

The study revealed that indeed the prices of the products offered by TCB are not communicated to customers. There are several options available to TCB. Firstly, TCB should implement transparent and customer-centric pricing models. This can include offering simplified fee structures, reducing hidden charges, and providing detailed breakdowns of costs

associated with various banking products. By being upfront and honest about pricing. Second, TCB should offer value-based pricing with tiered options to cater to different customer segments. For example, the bank could offer basic, standard, and premium account packages, each with different levels of service and fee structure. Thirdly, TCB Bank should use its commitment to clear pricing as a key differentiator in its marketing and branding efforts

The study revealed that the Bank of TCB is committed to delivering its products to customers at agreed times. Based on this finding, TCB can implement a real-time service tracking system, introduce a service-level guarantee to strengthen its commitment to timely delivery, and optimize operational efficiency and workflow management system as part of a new service delivery strategy.

The study exhibited that the TCB Bank uses digital marketing tools (webpage, social media, and mobile) to market its products to customers. It also indicated that these promotion innovation strategies have a minor impact on the bank's competitive advantage in the market. Based on this study's findings, the bank can enhance its promotion innovation strategies through personalization using data analytics, develop engaging and informative content, and leverage social media for customer interaction and support. Additionally, running interactive campaigns, such as polls, contests, and question and answer (Q&A) sessions, can boost customer engagement, attract new customers, and improve brand visibility.

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