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The Influence of Uncontested Market SpaceStrategy on the Financial Performance of Manufacturing Firms in Kenya

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Abstract

The purpose of this study was to investigate the influence of uncontested market space strategy on the financial performance of manufacturing firms in Kenya. The study was conducted on 171 operation managers in manufacturing firms in Kenya operating within Nairobi County. The study used cross-sectional survey method. The data was collected using self-administered questionnaires. Regression analysis was used and the results revealed that uncontested market space strategy positively and significantly influences the financial performance of manufacturing firms. Findings show that looking across alternatives, looking across strategic groups and looking across complementary product/service offering have a positive and significant influence on the financial performance of manufacturing firms. This study concludes that uncontested market space strategy influences the financial performance of manufacturing firms. The study recommends that manufacturing firms should implement uncontested market space strategy in order to improve their financial performance. The study contributes to the extant literature on uncontested market space strategy. Empirical evidence is provided on the influence of uncontested market space strategy on performance of firms. Recommendations to managers and other stakeholders are provided regarding uncontested market space strategies that could be implemented to improve performance of firms.

Key Words: Blue ocean strategy; red oceans; blue oceans; looking across alternatives industries; looking across complementary products/service offerings; looking across strategic groups

Introduction

Uncontested market space strategy

The purpose of this study was to investigate the influence of uncontested market space strategy on the financial performance of manufacturing firms in Kenya. Uncontested market space strategy is a blue ocean strategy that encourages firms to shift from the existing competition by creating new market space in order to render competition irrelevant. It is imperative that firms from existing markets explore new markets in order to render the competition irrelevant. Firms should enter into new markets which are attractive to the customers so as to avoid competition from existing markets. The creation of new market space involves a shift from focusing on the existing competition to a focus on creating entirely new markets (Kim & Mauborgne, 1999). The new markets interest the customers and help companies avoid competition from the existing market. The new market increases the companies' chances of success. Companies competing in existing market, find it difficult to create new market spaces that would earn them profits (Alam & Islam, 2017). Vasiljeva, et al, (2019) argue that firms can create blue oceans of uncontested market space that would enable them to prosper in the future. When firms create new markets and dissuade competition they experience profitable growth. When firms compete in the existing markets, it becomes challenging to create new market spaces and earn profits (Alam & Islam, 2017). Randall (2015) argues that the way to reconstruct market boundaries is to explore non-customers instead of looking for existing ones. To avoid getting trapped in old markets, managers should stop worrying about market segmentation and instead concentrate on attracting new customers and emphasize on market creation (Kim & Mauborgne, 2015). Ganguly (2020) suggests that in order to transform massive dormant demand into new customers, firms should expand their understanding on the non-customers. Firms should focus on the factors that are common across the non-customers and existing customers. This would help in pulling them to the new market. Shyam, (2019) argue that blue ocean strategy increases the capability of a firm to create new market spaces and make competition immaterial. Yannopoulos, (2011) stipulates that for firms to grow, they need to create new markets where there is no competition. Kim and Mauborgne (2005) in their book Blue Ocean Strategy suggest that there is untapped market that is hidden in complementary products and services. Managers should therefore define the total solution sought by buyers when they make a choice of the product or service to use. Managers should focus on what transpires before, during and after the product/service is used. Instead of trying to out-compete competitors in existing and crowded market spaces, organizations should seek for uncontested market spaces (Madsen & Kare, 2019). Dusseldolf &Wubben, (2012) suggest that firms should use the simplest method so as to stretch to the prospect of profitable growth by developing a new uncontested market. This would offer the buyers a huge leap in value. Companies can find a new or uncontested market space by looking across the accepted boundaries that usually define how a company competes (Kim & Mauborgne, 2005). These boundaries include; looking across alternative industries, looking across strategic groups within the industry, looking across the chain of buyers, looking across the complementary product and service offerings, looking across functional or emotional appeal to buyers, looking across time and reaching beyond the existing demand to noncustomers. In this study we explore looking across alternatives industries, looking across complementary product and service offerings and looking across strategic groups within the industry.

Organizations face competition not only from within the industry but also from firms that belong to other industries producing products and services that serve as alternatives to their industry. Alternatives are products or services that have different functions and forms but serve the same purpose (Kim & Mauborgne, 2005). For example, cinemas and restaurants take different forms and perform different functions but serve the same objective. Instead of assuming that the products/services a firm produces competes in a distinct and inflexible industry, managers should find alternative industries to their industry. Managers should focus on the elements that influence buyers to trade across alternative industries. This can lead to creation of new market space.

Strategic groups refer to companies operating within the same industry and pursuing similar strategies. Uncontested market can be unlocked by looking across strategic groups. Strategic groups can be categorized according to hierarchical order based on two measurements; price and performance (Kim & Mauborgne, 2005). Each change in price leads to a change in firm performance. Creating new markets across existing strategic groups helps the managers escape the constricted channel vision. It gives an insight of the elements that influences the customers' to either trade up or down one strategic group to another. Managers therefore should have an understanding of the strategic groups in their industry and why the customers' trade up in higher strategic groups and trade down for lower strategic groups.

Unexploited value is normally hidden in complementary products and services. Organizations should endeavor to understand the entire solution sought by consumers when they make a choice of a product or service. Additionally, organizations should understand what transpires before, during and after consumers use their products or services. With this understanding, they can isolate the constraints faced by consumers and remove them through a complementary product or service offering.

Table 1: Shifting competition to creating new market space.

Competition in conventional boundaries	Head to head competition	Creating new market space
Industry	Focus on industry rivals	Industry substitute focus

Strategic group	Focus on competitive position within strategic group	Industry strategic group focus
Buyer group	Focus on serving better the buyer group	Industry buyer group redefined
Product and service offerings	Focus on product and service value minimization within industry boundaries	Look across complementary products and service offerings beyond industry boundaries
Industry functional and emotional orientation	Focus on improved price-performance with functional-emotional orientation of industry	Industry functional-emotional orientation rethinking
Time	Focus on adapting to external trends as they occur	Participation in shaping external trends

Source: (Kim & Mauborne, 2014, p. 79)

Manufacturing Firms in Kenya

Manufacturing firms globally are viewed as an essential source for a healthy and vibrant economy (Atikiya et al., 2015). The manufacturing sector in Kenya makes a substantial contribution to the country's economic development (Awino, 2011). Vision 2030 identifies the sector as one of the key drivers for realizing a sustained Annual Gross Domestic Product (GDP) growth of 10% (Republic of Kenya, 2007). Additionally the government of Kenya regards manufacturing sector as one of the economic pillars meant to create jobs and wealth (Were, 2016). In this regard the government anticipates growing the manufacturing sector from 9.2% to 15% in the Medium-Term Expenditure Framework (MTEF 2018-2020) and 20% as per the Vision 2030 (Republic of Kenya, 2018). Further, the Kenya government has identified the manufacturing sector as one of the Big Four Agenda to spur economic growth by the year 2022. As a key pillar of the Kenyan government‘s Big Four Agenda, the manufacturing sector is a priority sector for attracting investment, driving economic growth and creating jobs. The sector guarantees employment opportunities to the population, which leads to stable income (Kenya Association of Manufacturers, 2018). The sector generates foreign exchange earnings through export and improves revenue which the government uses to provide social amenities to all citizens. The focus of the study is on the manufacturing sector in Kenya since the sector is expected to play a critical role in spurring economic growth through its contribution to the GDP, the creation of employment, generation of foreign exchange through exports and attracting of foreign direct investment leading to the country's industrialization.

Financial Performance of the Firm

The concept of firm financial performance is core to businesses because the major objective of businesses is to make profits. Financial performance indicates how successful and attractive a firm is. Firm performance may be defined as the firm's capability to realize planned outcomes as measured against the intended outputs (Gleason & Barnum, 1982). Financial performance implies a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Gunasekaran et al., 2005). The most common financial measures for performance are Return on Assets (ROA) (Ahmad et al., 2015), Return on Investment (ROI) and Return on Equity (ROE) (Chuno, 2013; Bagh et al., 2017), Return on capital employed (Chetty et al., 2015), return on sales (Waddock & Graves, 1997), and Earning per Share (EPS) (Cochran & Wood, 1984). Return on Equity (ROE) is considered as one of the best measurements of a company's profit since it reveals the capacity of the firm to generate cash internally (Al-Shubiri, 2010). Profitability of the firm is defined as the state or condition of yielding a financial profit or gain (Alshatti, 2015). Profitability is measured by Return on Assets (ROA), Return on Equity (ROE) amongst others. In their research, (Ongore et al., 2011) used Return on Assets (ROA), Return on Equity (ROE) and Dividend Yield as a measure of financial performance. Firms that launch into the untapped markets achieve higher profits and higher growth in market share as compared to those that compete in in the existing bloody markets.

Methods

In this research, we used cross-sectional survey design since the data was collected at one point in time. The population of this study comprised 488 manufacturing firms drawn from the 12 categories of the sector as indicated in the Kenya Association of Manufacturers directory (2016) and based in Nairobi County, Kenya. The target population is identified since it is a representative of all manufacturing firms in Kenya and the fact that all manufacturing firms big or small face similar environmental conditions. The location of the target population is justified on the bases that 59% of all manufacturing firms are located within Nairobi County.

Simple random sampling technique was used to determine the manufacturing firms to be sampled since it is less expensive and consumes less time (Malhotra & Birks, 2007). The sample size was determined using the Slovin's Formula. This method is preferred because it samples the population with degree of accuracy and precision (Kalimba et al., 2016). The study respondents were 220 operations managers of the sampled manufacturing firms. A questionnaire based survey was carried out to collect data from the participants with a response rate of 78% (171participants responded). The response rate was deemed appropriate for further analysis in view of recommendation by Babbie (2004) that a 60% return rate is good and a 70% return rate is very good.

Primary data was collected using semi-structured questionnaires. Descriptive and inferential statistics was used to analyze the data.

The sample size was calculated as shown below:

$$n = \frac{N}{1 + Ne^2}$$

Where: n=sample size, N=total population, e= confidence level/error tolerance
The level of confidence is 0.05

$$n = \frac{488}{1+488(0.05x0.05)} \qquad n=220$$

Table 2: Sample Size

Sector	No. of firms	No. of Respondents	Sample	%
Food &Beverages	98	98	44	20
Chemical & Allied	64	64	29	13.2
Building, Mining & Construction	11	11	5	2.3
Leather & Footwear	3	3	1	0.4
Metal & Allied	49	49	22	10
Paper & Board	64	64	29	13.2
Textile & Apparel	26	26	12	5.4
Plastics & Rubber	59	59	27	12.3
Energy, Electrical & Electronics	41	41	18	8.2
Pharm. & Medical Equipment	20	20	9	4.1
Motor Vehicles & Accessories	35	35	16	7.3
Timber, Wood & Furniture	18	18	8	3.6
Total	**488**	**488**	**220**	**100**

Source: (KAM Directory, 2016)

H2: Results

In this section we discuss the results of the study.

Table 3 shows the background information of the respondents and the manufacturing firms.

Table 3: Background of Respondents and Firms

Variables		N=171	
		Frequency	Percent
Gender	Male	101	59.1
	Female	70	40.9
Age (years)of respondents	25- 35 years	24	14.0
	36-45 years	54	31.6
	46-55 years	70	40.9
	56 years and above	23	13.5
Level of education of respondents	Diploma	32	18.7
	Bachelor's Degree	108	63.2
	Postgraduate Degree	31	18.1
Years worked by the respondents	Below 5 years	24	14
	5 to 10 years	45	26.3
	11 to 15 years	55	32.2
	16 to 20 years	32	18.7
	More than 20 years	15	8.8
Age of company	1 to 5 years	22	12.9
	6 to 10 years	56	32.7
	over 10 years	93	54.4
Company sub-sector	Food & Beverages	41	24
	Chemical & Allied	24	14
	Building, Mining & Construction	3	1.8
	Leather & Footwear	1	0.6
	Metal & Allied	17	9.9
	Paper & Board	26	15.2
	Textile & Apparel	8	4.7
	Plastics & Rubber	8	4.7
	Energy, Electrical & Electronics	16	9.4
	Pharmaceuticals & Medical Equipment	7	4.1
	Motor Vehicles & Accessories	14	8.2
	Timber, Wood & Furniture	6	3.5

The respondents were required to respond to statements relating to implementation of uncontested market space strategy in the manufacturing firms. The findings are presented in Table 4

Table 4: Implementation of Uncontested Market Space Strategy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
The company identifies alternative industries that produce products with different functions and forms but used for the same purpose.	0% (0)	4.7% (8)	18.7% (32)	50.3% (86)	26.3% (45)	3.9825	0.8005
The company understands and focuses on the key factors that lead customers to trade across alternative industries.	0% (0)	0% (0)	17.5% (30)	46.2% (79)	36.3% (62)	4.1871	.71130
The company identifies the buyer group to focus on in your industry	0% (0)	0% (0)	13.5% (23)	53.8% (92)	32.7% (56)	4.1930	.65364
The company identifies complementary products that can add value to the buyers by offering them total solution that they seek in a product	0% (0)	13.5% (23)	8.2% (14)	46.2% (79)	32.2% (55)	3.9708	.97273
The company identifies the trends with high impact on profitability in your industry	0% (0)	0% (0)	0% (0)	68.4% (117)	31.6% (54)	4.3158	.46619
The company focuses on converting noncustomers of the industry to customers in order to create new demand	0% (0)	0% (0)	14.0% (24)	62.6% (107)	23.4% (40)	4.0936	.60635
The company looks at the common needs exhibited by the noncustomers rather than their differences	0% (0)	0% (0)	9.4% (16)	55.0% (94)	35.7% (61)	4.2632	.61910

The findings in Table 4 indicate that 50.3% and 26.3 of the respondents agreed and strongly agreed respectively with the statement that the company identifies alternative industries that produce products with different functions and forms but used for the same purpose (mean = 3.9825, std = 0.8005) while 82.5% agreed that the company understands and focuses on the key factors that lead customers to trade across alternative industries (mean = 4.1871, std = 0.7113). Similarly, 86.5% of the respondents agreed that the company identifies the buyer group to focus on in the industry (mean = 4.1930, std = 0.65364), 78.4% agreed that the company identifies complementary products that can add value to the buyers by offering them total solution that they seek in a product (mean = 3.9708, std = 0.9727) while 100.0% agreed that the company identifies the trends with high impact on profitability in the industry (mean = 4.3158, std = 0.4661). The findings also show that 86% of the respondents agreed that the company focuses on converting noncustomers of the industry to customers in order to create new demand (mean = 4.0936, std = 0.6063)while 90.7% agreed that the company looks at the common needs exhibited by the noncustomers rather than their differences (mean = 4.2632, std = 0.61910).The results imply that the companies have implemented the uncontested market space strategies in order to maintain and extend the market for their products.

In this study we used multiple regression model as expressed by (Hoffman, 2010)
$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$
Where:

Y is financial performance;

β_0 is constant term;

β_1- β_3 is beta coefficients of the independent variables;

X_1 is looking across alternative industries
X_2 is looking across complementary products
X_3 is looking across strategic groups
e is error term

The results are presented in Table 5, 6 and 7.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.552[a]	.305	.292	.48773

a. Predictors: (Constant), Looking across alternative industries, looking across complementary products and looking across strategic groups.

The results in Table 5 show that the coefficient of determination (R^2) is 0.305 meaning that the model estimated explains 30.5% of the variations in the financial performance of manufacturing firms in Kenya.

Table 6 : ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.431	3	5.810	24.426	.000[b]
	Residual	39.727	167	.238		
	Total	57.158	170			

a. Dependent Variable: Performance of Manufacturing Firms in Kenya

b. Predictors: (Constant), Looking across alternative industries, looking across complementary products and looking across strategic groups.

The results of the Analysis of Variance (ANOVA) indicated in Table 6 show that the relationship between the independent variables and the dependent variable is significant ($F = 24.426$, sig $<.05$). This reveals that uncontested market space strategy significantly affects the financial performance of manufacturing firms in Kenya. Looking across alternative industries, looking across complementary products and looking across strategic groups were statistically acceptable as useful in predicting the financial performance of manufacturing firms in Kenya. The null hypothesis that uncontested market space strategy has no significant influence on the financial performance of the manufacturing firms in Kenya was thus rejected.

Table 7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.938	.313		2.998	.003
	Looking across alternative industries	.255	.053	.313	4.773	.000
	looking across complementary products	.084	.041	.141	2.065	.041
	looking across strategic groups	.321	.065	.336	4.914	.000

a. Dependent Variable: Financial Performance of Manufacturing Firms in Kenya

The results in table 7 provide the coefficients of the variables used in the study. The regression equation model in this study is as shown in the following equation:

$$Y= .938 + .255X_1 + .084X_2 +.321X_3$$

The findings indicate that the constant term is .938, implying that holding the variables under consideration to zero, could result in .938 units of returns to manufacturing firms. The regression coefficient relating to looking across alternative industries variable is (0.255, $p<.05$), meaning that holding other independent variables to zero, an increase in looking across alternative industries variable by 1 unit results in an increase of 0.255 units on returns. This implies that looking across alternative industries would positively influence the financial performance of manufacturing firms in Kenya.

The coefficient relating to looking across complementary products variable is (.084, $p<.05$). This indicates that holding other independent variables to zero, an increase of looking across complementary products variable by 1 unit results in an increase of 0.084 units on returns of manufacturing firms. This implies that looking across complementary products positively affect financial performance of manufacturing firms.

The coefficient relating to looking across strategic groups variable is (.321, $p<.05$) indicating that holding other independent variables to zero, an increase in looking across strategic groups variable by 1 unit results in an increase of 0.321 units on returns of manufacturing firms. The results imply that looking across strategic groups influences positively the financial performance of manufacturing firms. Exploiting uncontested market space means redefining the market boundaries in order to make competition irrelevant.

Table 8: Descriptive Statistics

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Dev
Uncontested market space strategy has greatly increased our sales	4.7% (8)	53.8% (92)	22.8% (39)	14.0% (24)	4.7% (8)	2.6023	.94856
Uncontested market space strategy significantly improved Return on Assets (ROA)	9.4% (16)	45.0% (77)	18.1% (31)	18.1% (31)	9.4% (16)	2.7310	1.14693
Uncontested market space strategy significantly improved our Return on Equity (ROE)	18.7% (32)	40.4% (69)	12.9% (22)	18.7% (32)	9.4% (16)	2.5965	1.24890

The findings in table 8 show that 58.5% of the respondents agreed that uncontested market space strategy had greatly increased sales (mean = 2.6023, std = .94856), 54.4% agreed that uncontested market space strategy significantly improved Return on Assets (ROA) (mean = 2.7310, std = .1.14693), 59.1% agreed that uncontested market space strategy significantly improved Return on Equity (ROE) (mean = 2.5965, std = 1.24890).

Discussions

The objective of this study was to investigate the influence of uncontested market space strategy on financial performance of manufacturing firms in Kenya. The results of the Analysis (ANOVA) (F=24.426, sig<.05) revealed a significant relationship between the independent variables and the dependent variable. The variables, looking across the alternative industries, looking across complementary products and looking across strategic groups were found statistically acceptable in predicting the financial performance of manufacturing firms in Kenya. The study concluded that uncontested market space strategy significantly affected the financial performance of manufacturing firms in Kenya. The results of the study reveal that uncontested market space strategy has a positive influence on the financial performance of the manufacturing firms in Kenya. Past studies have established that uncontested market space strategy positively influences the performance of firms and hence support the findings of the current study. In their article “implementation of the blue ocean strategy using simulation: firm level evidence from Russian steel market,” (Vasiljeva et al., 2019) concluded that firms can create blue oceans of uncontested market space that would enable them to prosper in the future. Shyam, (2019) did a study on “Exploring uncontested markets with blue ocean strategy in convenience food business-a case of ID fresh food.” The results revealed that ID fresh had explored a blue ocean which made competition irrelevant and thus creating uncontested market space using Four Actions Framework developed by Kim and Mauborgne. Apple Company with its iPhone, created new market space by looking across the substitutes and looking across complementary products and services. This explains the iPhone success in the mobile phone industry (Giachetti 2018). This is consistent with the current study that found a positive relationship between uncontested market space strategy and financial performance of manufacturing firms in Kenya. Ongiti (2018) in the study “The blue ocean strategy to career management: A paradigm shift in the 21st century,” concluded that uncontested market space strategy enhanced career management. Actions such as self-assessment of one‘s capabilities and talents would enable the employees tap on the uncontested market space. The study is also supported by Mwende (2016) who researched on the effect of blue ocean strategies on competitive advantage of microfinance institutions in Kenya. The study found that exploiting uncontested market space positively affected the competitive advantage of microfinance institutions in Kenya. The findings are similar to the current study that found a positive relationship between uncontested market space strategy and financial performance of the manufacturing firms in Kenya. The study is also supported by Omboto, (2013) who did a study on the adoption of blue ocean strategy by Commercial Bank of Africa Limited, Kenya. The study sought to establish the BOS adopted by Commercial Bank of Africa. The findings indicated that the bank had adopted BOS to some extent. The study further concluded that uncontested market space was achieved through product differentiation. The bank has an information Technology (IT) platform with the ability of creating unique products that face no or very low competition. The findings are consistent with the current study and reveals that launching in the uncontested market space attracts new customers that are attracted by the unique products provided by the bank. New customers would lead to better performance in the bank. The current study is also consistent with Nyambane (2012) who studied the challenges of implementing BOS in banks in Kenya and established that the banks focused on blue ocean strategies to create and sustain their market share. By launching in the uncontested market the banks are able to improve their performance as well as sustain their market share. Wubben et al. (2012) did a study on the uncontested market space for European fruit and vegetables industry to assess the applicability of BOS. The study found that BOS enabled identification of unexploited market space targeting new buyer group of children and teenagers. Abishua (2010) did a study on strategies used by Equity bank to compete in the Kenyan industry. The study revealed that the bank created new markets in the uncontested areas such as hair salons, millet growing and dairy. The study concluded that Equity bank had built a competitive advantage that is able to sustain further growth. This is consistent with the current study findings. Sharma et al. (2010) studied on the role of entrepreneurship in economic development in Indian rural markets using uncontested market space. The study found that the success of the rural markets developments was dependent on the effective utilization of blue ocean strategy. The current study is supported by Wanless (2009) who found that Pender Financial Group uses blue ocean strategy to create a new market space to make it more profitable. Gorrell (2005) supports the current study. The study found that blue ocean strategy can help companies to find a new market in which they can capture more customers while improving cost structure. When firms create new markets and dissuade competition they experience profitable growth. The study is also consistent with Kim & Mauborgne (2005) who suggested the need to exploit the uncontested market space as a strategy that makes competition irrelevant and therefore improving on the performance of the firms. This study shows that creating new market space enhances the profitability of the firm. The current study revealed that implementing uncontested market space strategy influenced the financial performance of manufacturing firms. In summary implementing uncontested market space strategy positively influences the financial performance of firms.

Conclusion and recommendations

This study investigated the influence of uncontested market space strategy on the financial performance of manufacturing firms in Kenya. Based on the analysis of the results above, the conclusion of this research is that uncontested market space strategy positively and significantly influences the financial performance of manufacturing firms in Kenya. The study established that most firms created new markets by looking across alternative industries, looking across complementary products and looking across strategic groups.

Looking across alternative industries was found to positively and significantly influence the financial performance of the manufacturing firms. In looking across alternative industries the firms create a blue ocean of the new market space by focusing on the key factors that lead buyers to trade across alternative industries. This implies that firms that looked across alternative industries improved their performance due to the new demand within the uncontested market space.

In looking across complementary products and services offering the firms create a new market by defining the total solution that the customers seek when they buy the product. This implies that firms that looked across complementary products and service offerings boosted their performance due to the new demand created in the uncontested market space.

In looking across strategic groups the firms create a blue ocean strategy by breaking out of the narrow vision tunnel and understanding the factors that influence the customers decision to trade up or down from one group to the other. This implies that firms that looked across strategic groups performed better as a result of the new demand created in the uncontested market space.

The researchers suggest the following recommendations; first, it is recommended that instead of competing in the bloody red oceans, managers need to explore the uncontested market space by looking across complementary product/service offering, looking across the alternative industries, and looking across strategic groups within industries. Secondly it is recommended that managers should focus on converting noncustomers of the industry to customers in order to create new demand. Thirdly, it is recommended that managers need to modify product/services in order to create new market space that target new potential customers. Managers should search for new markets that interest customer so as to avoid competition from the existing market therefore rendering competition irrelevant.

The study contributes to the literature on uncontested market strategy by providing understanding on the influence of uncontested market space strategy on the financial performance of manufacturing firms. Additionally the study adds knowledge to strategic management concepts.

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