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MARKETING INNOVATION AND COMPETITIVENESS OF FOOD AND BEVERAGE MANUFACTURING FIRMS IN NAIROBI CITY COUNTY, IN KENYA

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ABSTRACT

The purpose of this study was to determine the influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya. The study also sought to explore the moderating effect of firm size on the relationship between marketing innovation and the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya. The study was guided by two theories: Theory of the Innovative Firm and Knowledge Based Theory of the Firm The study employed a mixed method research design utilizing Likert scale questionnaires as the primary data collection method, emphasizing a positivism philosophy grounded in quantifiable observations and statistical analysis. The target population encompassed various roles within licensed food and beverage manufacturing firms, totaling 403 individuals, with a sample size of 201 determined through simple random sampling. Reliability was assessed through a pilot test, utilizing a Cronbach's coefficient alpha based on internal consistency was calculated using SPSS version 24 in order to establish the reliability of the survey instrument. Cronbach's alpha value of 0.70 was obtained and thus research instrument was reliable. Statistical techniques were employed for data analysis, including descriptive statistics, multiple regression analysis, and statistical tests such as ANOVA. The study identified a substantial positive influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya as marketing innovation explained an impressive 53.3% of the variability in competitiveness ($R^2 = 0.533$, $F(1, 190) = 218.991$, $p < 0.000$). Marketing innovations (Beta = 0.732, $p < 0.001$) also showed strong positive correlations with competitiveness. The interaction between marketing innovations and firm size was statistically significant ($p < 0.001$), highlighting that firm size moderates the effect of innovation on competitiveness. In conclusion, the study emphasizes the crucial role of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya. The findings reveal a substantial positive correlation, indicating that marketing innovation significantly contributes to competitiveness. Based on the study findings, Firms should prioritize innovation in marketing to enhance competitiveness. Additionally, companies should leverage their size to better integrate and scale innovations, fostering a culture of continuous improvement for long-term success.

Key Words: Marketing Innovation, Competitiveness, Firm Size, Food and Beverage Manufacturing Firms

1.1 BACKGROUND OF THE STUDY

Marketing innovation plays a key role in achieving and sustaining competitive advantage and improve performance in organizations (Hajar, 2015). Manufacturing firms experience numerous challenges relating to internal and external forces and results to innovation to remain competitive in the market and improve on efficiency and performance (Slivko, 2019). This influence creation of competitive risks and development measures to enhance competitiveness in the market and achieving of competitive advantage. Manufacturing firms have sought implementation of information technological development to achieve cost reduction in production, operational effectiveness and upgrade esteem (Shaw& de Mattos, 2021). Deployment of innovation is critical to achieving better performance in manufacturing firms

Small and Medium Enterprises promote innovation and competition while enhancing enterprise culture which is important for modernization and industrialization (KIPPRA, 2013; RoK, 2015). Accordingly, manufacturing firms of various castellation's engage in an array of innovations, which are key drivers of competitiveness, profitability, growth as well as value creation (Ionesco &Dumitru, 2015). The modern globalized world, new technologies and advanced connectivity bring manufacturing firms a wide range of opportunities but also threats.

Food and beverage manufacturing firm gain market-related outcomes with respect to customer satisfaction, new customer acquisition, loyalty (Oh, Cho, & Kim, 2014). Marketing concepts basically suggested that superior Judgmental performance on manufacturing firms in food and beverages product Quality, customer satisfaction, employee satisfaction as the perquisite for superior performance of the market and financial of the company. Agrawal, Erramilli, and Dve (2013) study also imply that market and financial performance cannot be realized without the superior performance of innovation.

The global, regional, and local perspectives highlight its significance, particularly marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

1.2 STATEMENT OF THE PROBLEM

Manufacturing firms are essential to the economy, contributing significantly to income generation, industrialization, and economic development across both developed and developing countries. These firms play a pivotal role in driving growth and have substantial implications for job creation, poverty alleviation, and wealth generation. Specifically, food and beverage manufacturing firms are central to the development and expansion of the economy. The sector holds enormous potential for creating employment, addressing poverty, and contributing to overall wealth creation. In Kenya, where the economy relies heavily on agriculture for its manufacturing base, food and beverage firms are crucial in meeting basic needs and enhancing the nation's socio-economic progress. In 2017, food processing, which is categorized with beverages, accounted for Ksh 58.6 billion, representing 2.8% of Kenya's GDP (Mutinda, 2017), further emphasizing the sector's importance in the national economy.

However, despite the critical role they play, food and beverage manufacturing firms are increasingly confronted with a highly competitive and challenging environment. The modern globalized world, coupled with new technologies and advanced connectivity, presents a multitude of opportunities but also introduces significant threats. The 21st-century challenge for most

manufacturing firms is heightened global competition in an ever-evolving and unpredictable market (Kodasca, 2006; Kirata, 2007; Mensah & Acquah, 2015). The environment within which these firms operate is marked by uncertainty regarding customer demands, as well as unpredictable actions from competitors. Previous studies have not comprehensively explored the relationship between marketing innovation and competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

For instance, a study by Nafula (2017) focused on food and beverage manufacturing firms in Nairobi County, Kenya, and found that all four types of innovation (product, process, marketing, and organizational) positively impacted competitiveness. However, product innovation was found to have an insignificant effect ($\beta=0.19$, $p=0.834 > 0.05$), while process ($\beta=0.306$, $p=0.001 < 0.05$), marketing innovation ($\beta=0.205$, $p=0.021 < 0.05$), and organizational innovation ($\beta=0.194$, $p=0.033 < 0.05$), as well as combined innovation ($\beta=0.521$, $p=0.000 < 0.05$), showed significant effects on competitiveness. This study among others lacks a holistic examination of marketing innovation. This research aims to address these gaps by examining the influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

1.3 SPECIFIC OBJECTIVES

To determine the influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.
To explore the moderating effect of the firm size on relationship between market innovation and the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

1.4 RESEARCH HYOTHESIS

i. H_{01}: There is no significant influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.
ii H_{02}: There is no significant moderating effect of firm size on the relationship between marketing innovation and competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya

2.1 THEORETICAL FRAMEWORK

Competitiveness is a function of various interrelated organizational factors that include productivity, market share, profitability, efficiency, product range, value creation and customer satisfaction. SMEs are greatly affected by factors such as fluctuations in costs of production, interest rates, lack of capital, and lack of collateral security among others (Kamau, Kamau Muia,2015). Innovation may influence competitiveness by increasing efficiency or effectiveness of internal processes (Crossan & Apaydian, 2010). It has great impact on manufacturing firms' performance by producing an improved position that leads to competitiveness. According to Ngugi(2013), Schumpeter(1934) was early in highlighting the importance of innovation in entrepreneurial activity. The theory outlines the role of Entrepreneurship and Innovation in economic growth. The theory posits that there is a continuous process of change in economies and markets. In such a dynamic economy, there is a force within the economy that accounts for change and growth personified in the entrepreneur. Schumpeter describes the entrepreneur as "an agent of innovation and pivot of change" with the process of creative destruction which disrupts current market structure by means of new goods and services, new process and organizational structures.

The Theory of the Innovative Firm William Lazonick an economist to help explain superior performance in the wake of imperfect markets. According to the theory the function of a firm is to transform productive resources into goods and services that can be commercialized. A firm can accomplish this by engaging in innovation. Accordingly, superior economic performance result from innovative enterprises creates products of higher quality at lower cost (Lazonick, 2013). Innovative firms have the ability to transforms productive resources into higher quality, lower cost goods and services translating to a gain for the customers and other participants in the economy (Lazonick, 2009). Innovative firms are able to compete, through innovation as opposed to varying price and quantity. This theory becomes relevant even as innovation economics posits that continual increase of inputs in the production process is no longer sufficient to explain the increase of output hence can be credited to a firm's innovation activities (Lazonick& O'Sullivan, 2000; Lazonick, 2006). Joseph Schumpeter; of Theory of Innovation and Entrepreneurship of 1934, serves as a valuable tool for evaluating the cause-and-effect relationships between market innovation and competitiveness.

The Knowledge theory was initiated by Penrose (1959) and later expanded by Barney (1991), Wernerfelt (1984) and Conner (1991). The theory considers having knowledge as the most significant factor for a firm. According to Grant (1996), knowledge is the key driver of innovation. It is among the major determinants of firms sustained competitive advantage and superior business performance. This knowledge applies in several levels such as, organizational identity and culture, policies, routines and employees. The basic objective of a firm is to apply the existing knowledge to produce goods and services and eventually market them. A firm gains a competitive advantage by use of knowledge and skills, because a firm is able to innovate new processes and products, or even improve existing ones to be more efficient and or effectively through the use of knowledge and skill, Nonaka and Takeuchi (1995)

2.2 EMPIRICAL REVIEW

Marketing method involves significant changes in product design or packaging, product placement, product promotion or pricing" (OECD, 2005). Marketing methods can either be developed by the innovating firm or adopted from other firms or organizations and can be implemented for both new and existing products. Market innovation include significant changes in product design that are part of a marketing concept; changes in the packaging of products, product placement primarily involves the introduction of new sales channels (OECD, 2005).

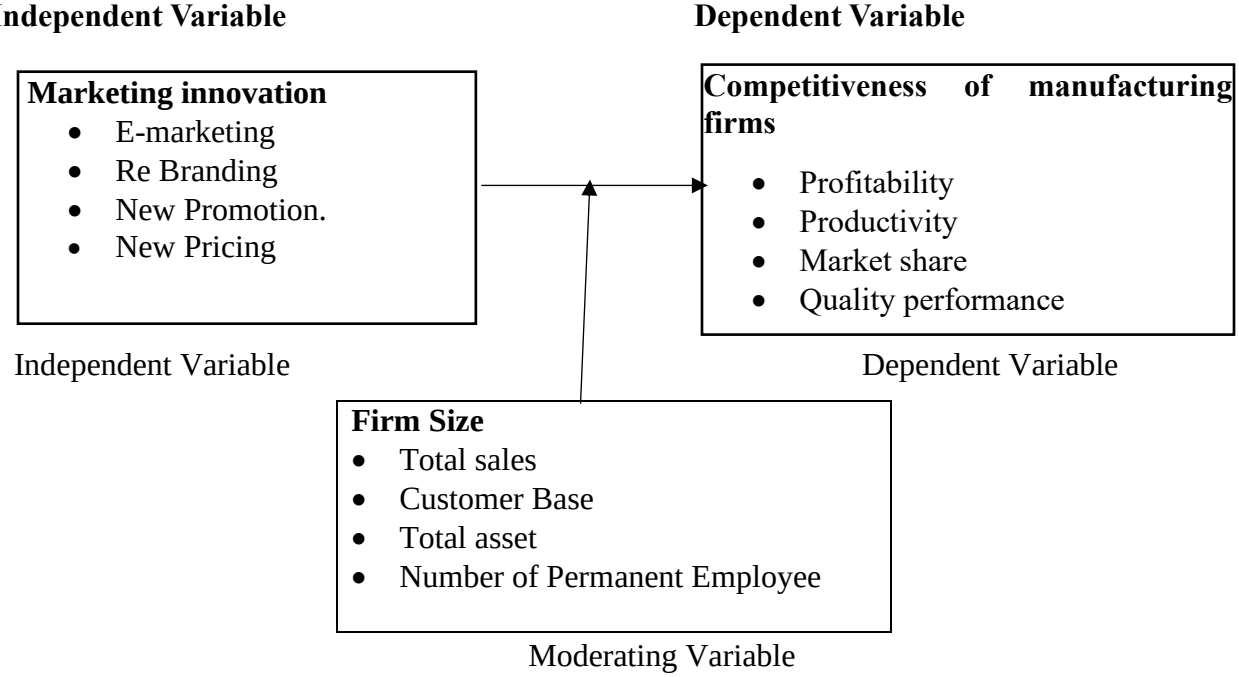
According to Johne (1999), new market involves the marketing mix and market offerings that are made to satisfy customer's needs. Krajewski (2010) assert that new market aims at fulfilling market needs while responding to market opportunities. Hence any marketing innovation need to focus on meeting customer needs (Sidek& Rosli, 2013). Market innovation focus on better addressing customer needs, opening up new markets and positioning a firm's product in the market, with the objective of increasing the firm's sales (OECD, 2005). Salim& Sulaiman (2011) carried out a study on new organization and performance among Malaysian SMEs.

The study findings revealed that market innovation is a critical factor of firm performance. Atalay, Anafarta and Sarvan (2013), studied the relationship between innovation and firm performance through empirical evidence from Turkish Automotive supply industry. Analysis results demonstrated that technological innovation (product and process) has significant and positive impact on firm performance, but no evidence was found for a significant and positive relationship between non-technological innovation (organizational and marketing) and firm performance. The

findings in Tunisia cannot be generalized to Kenyan setting. According to Johne& Davies (2000), marketing innovations increase sales by increasing product consumption leading to increase profits to the firm. Otero-Neira et al. (2009) in their study on "Innovation and

Performance in SME Furniture industries" found strong evidence that market innovation positively influenced business performance. Similarly, Bryman & Bell, (2012) in their study of SMEs in Finland confirmed a robust significant relationship between marketing innovation and firm performance. However, Sidek and Rosli (2013) in their study on "the impact of Innovation on the performance of Small and Medium Manufacturing Enterprises in Malaysia" concluded that new market did not have significant effects on firm performance.

2.3 CONCEPTUAL FRAMEWORK



3.0 RESEARCH METHODOLOGY

The study used mixed method research design. The study population included 201 licensed food and beverage manufacturing firms in the Nairobi City County. Stratified sampling technique and random sampling techniques was employed to arrive at the study sample. The unit of analysis was the 201 Food and Beverage manufacturing Firms with the owner /managers as the respondents. Data was collected using questionnaires. Quantitative data was analyzed quantitatively by use of SPSS software and qualitative data was analyzed through content analysis. Qualitative data was grouped into categories which was coded uniquely thereafter, assigned quantitative values under SPSS to enable the software produce descriptive statistics, such as measures of central tendencies and inferential statistics. Diagnostic tests were conducted to satisfy all the assumptions of regression analysis. The study analyzed the research hypothesis related to the influence of marketing innovation and the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya. Ethical considerations incorporated obtaining consent, ensuring confidentiality, and treating respondents with respect. These statistical methods provided a robust framework for analyzing the relationship between marketing innovation and the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya

4.0 RESEARCH RESULTS AND DISCUSSION

The purpose of the study was to determine the influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya

4.1 Descriptive statistics

4.1.1 Marketing Innovation

The study sought the extent Food and Beverage Manufacturing Firms deployed marketing Innovations. The descriptive results are presented in Table 1

Table 1: Descriptive Statistics for Marketing Innovation

Marketing Innovation statement	1	2	3	4	5	Mean	Std Dev
There new ways of designing current products through changes such as in appearance, packaging, shape and volume without changing their basic technical and functional features.	1.6%	1.0%	11.5%	43.2%	42.7%	4.2448	.81701
There is a renewed product appearance to appeal to the market.	0%	0%	9.9%	35.4%	54.7%	4.4219	.74084
Renewing the distribution channels without changing the logistics processes related to the delivery of the product.	0%	%	5.7%	43.8%	50.5%	4.4479	.60313
The enterprise renews product promotion techniques of the current and/or new products.	0%	%	24.0%	41.1%	34.9%	4.1094	.76131
The enterprise product pricing techniques is renewed employed for current and/or new products.	0%	2.6%	7.3%	45.3%	44.8%	4.3229	.72350
There is a new approach to customer service	0%	0%	8.3%	33.3%	58.3%	4.5000	.64718
Significant changes in the existing promotion offers	0%	2.6%	14.1%	43.2%	40.1%	4.2083	.77819
Our enterprise has new strategies for product placement or sales channels such as direct sales	0%	1.6%	13.0%	32.8%	52.6%	4.3542	.79236
Introducing new products in the market place enhances the visibility of the new product towards customers	0%	5.2%	7.8%	32.8%	54.2%	4.3594	.83823
The business prefers new market strategy	0%	0%	5.2%	45.8%	49.0%	4.4375	.59338
The business provides products designed for a specific market segment	0%	2.5%	7.9%	35.4%	54.2%	4.4115	.74670
There are new branding of products and services from our enterprise	0%	0%	7.3%	64.6%	28.1%	4.2083	.55892
Overall						4.335508	0.716729

Marketing innovations are implemented in enterprises to enhance competitiveness. Respondents were asked to indicate their agreement with the statement that new ways of designing current food

and beverage products, such as changes in appearance, packaging, shape, and volume without altering their basic technical and functional features, were beneficial. From the results, 43.2% agreed, 42.7% strongly agreed, 11.5% were neutral, 1.0% disagreed, and 1.6% strongly disagreed, with an average mean of 4.2448 and a standard deviation of 0.81701. Studies like Atalay, Anafarta, and Sarvan (2013) show that technological innovations have a significant positive impact on firm performance, although this might not apply universally.

Marketing innovations, such as renewing product appearance, play a key role in appealing to the market. From the results, 54.7% of respondents strongly agreed, 35.4% agreed, and 9.9% were neutral, with an average mean of 4.4219 and a standard deviation of 0.74084. Additionally, 50.5% strongly agreed and 43.8% agreed that renewing distribution channels without changing logistics processes is beneficial, indicated by a mean of 4.4479 and a standard deviation of 0.60313.

Marketing innovations resulted in significant changes in existing promotion offers, with 43.2% agreeing and 40.1% strongly agreeing (mean of 4.2083). New strategies for product placement or sales channels were also adopted, with 52.6% strongly agreeing and 32.8% agreeing (mean of 4.3542). Introducing new products to the market increased visibility, with 54.2% strongly agreeing and 32.8% agreeing (mean of 4.3594). New market strategies were preferred due to marketing innovations, with 49.0% strongly agreeing and 45.8% agreeing (mean of 4.4375).

4.1.2 Firm Size

Table 2: Descriptive Statistics for Firm Size

Variable	Obs(n)	Mean	Std.Dev.	Min	Max
Total Sales	768	0.3234	0.1124	0.0036	0.9563
Customer Base	768	0.2926	0.4196	0.0254	0.6167
Total Assets	768	0. 1418	0.1704	0.0130	0.4769

The data presented in Table 2 indicates that sales experienced an average growth of 32.34% over the period, based on 768 observations, with a standard deviation of 0.1124 and a range from 0.0036 to 0.9563. Similarly, Table 4.3 shows a 29.26% average increase in customer base, supported by 768 observations, with a standard deviation of 0.4196. The asset base exhibited a mean growth of 14.18%, with a standard deviation of 0.1704 and changes ranging from 1.30% to 47.69%. These results align with the International Trade Centre (2009) study, which highlights that SME competitiveness is evaluated through efficiency in cost, time, quality, and quantity.

4.2 Inferential Statistics

The objective for this study was to determine the influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya. To achieve this objective; coefficient of determination (R^2), Change in R^2, analysis of variance (ANOVA) as well as model coefficients were generated.

4.2.1 Influence of marketing innovation on the competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

The null hypothesis was stated as follows:

H_{01} There is no significant influence of marketing innovation and competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya

Table 3 Model Summary for Marketing Innovation

Table 3: R^2 Value for the Influence of Marketing Innovation on Competitiveness

R	R Square	Adjusted R Square	Std. Error of the Estimate
.732a	0.535	0.533	0.154

a Predictors: (Constant), Marketing Innovation

The results from Table 3 show an R-squared value of 0.535 for the model explaining the influence of marketing innovation on competitiveness in food and beverage firms. This means that marketing innovation accounts for 53.5% of the variance in competitiveness, indicating a moderate but substantial impact. The adjusted R-squared value of 0.533 indicates a good fit of the model after accounting for the number of predictors, confirming that marketing innovation plays a meaningful role in shaping competitiveness in this sector. The standard error of the estimate is 0.154, suggesting that the model's predictions are reasonably accurate.

Table 4: ANOVA Results for the Influence of Marketing Innovation on Competitiveness

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.196	1	5.196	218.991	.000b
Residual	4.508	190	0.024		
Total	9.705	191			

a Dependent Variable: Competitiveness of Food and Beverage Firms
b Predictors: (Constant), Marketing Innovation

The ANOVA results in Table 4further confirm the significance of marketing innovation as a predictor of competitiveness. The regression sum of squares is 5.196, with 1 degree of freedom for the predictor, and a residual sum of squares of 4.508, with 190 degrees of freedom. The F-statistic of 218.991 and the p-value of 0.000 indicate that the model is statistically significant, confirming that marketing innovation has a substantial effect on the competitiveness of food and beverage firms. This statistical significance suggests that the relationship between marketing innovation and competitiveness is unlikely to have occurred by chance.

Table 5: Coefficients of the Model for the Influence of Marketing Innovation on Competitiveness

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.621	0.186		8.733	0.000
Marketing Innovation	0.624	0.042	0.732	14.798	0.000
a Dependent Variable: Competitiveness of Food and Beverage Firms					

Table 5 presents the coefficients for the regression model, showing the impact of marketing innovation on competitiveness. The unstandardized coefficient for marketing innovation is 0.624, and the standardized beta coefficient is 0.732, which indicates a strong positive relationship between marketing innovation and competitiveness. This suggests that an increase in marketing innovation by one unit leads to a 0.732-unit increase in competitiveness, demonstrating the importance of marketing innovation in gaining a competitive advantage in the food and beverage industry. The t-statistic of 14.798 and the p-value of 0.000 further confirm that this relationship is statistically significant.

The results from the regression analysis indicate that marketing innovation has a significant and positive impact on the competitiveness of food and beverage firms. The moderate R-squared value of 0.535 suggests that while marketing innovation plays a crucial role in determining competitiveness, other factors may also contribute. This aligns with research indicating that marketing innovation, such as novel promotional strategies, digital marketing, and brand differentiation, is essential for enhancing competitiveness in dynamic industries like food and beverages (Chong et al., 2021). Companies that innovate in their marketing practices are better equipped to attract and retain customers, which ultimately enhances their market position.
The strong positive relationship observed between marketing innovation and competitiveness is consistent with the finding that firms that implement new marketing strategies, such as leveraging social media platforms, influencer marketing, or personalized customer experiences, often outperform competitors. Marketing innovation allows firms to differentiate themselves, respond quickly to market changes, and effectively reach target consumers, which is essential for success in highly competitive markets (Kotler & Keller, 2022). This can be particularly beneficial in the food and beverage sector, where consumer preferences are rapidly evolving, and firms must continually adapt to maintain a competitive edge.

4.2.2 Influence of moderating effect of firm size on the relationship between marketing innovation and competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya

The null hypothesis is stated as follow:

There is no significant moderating effect of firm size on the relationship between marketing innovation and competitiveness of Food and Beverage Manufacturing Firms in Nairobi City County in Kenya.

Moderating Effect of Firm Size on marketing innovation

This section examines the moderating effect of firm size on the relationship between marketing innovations and the competitiveness of food and beverage firms.

Table 6: Change in R^2 Value for the Moderating Effect of Firm Size

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.925a	0.856	0.855	0.086	0.856	1128.726	1	190	0.000
2	.928b	0.861	0.859	0.085	0.005	6.611	2	189	0.011
3	.934c	0.872	0.870	0.081	0.011	16.611	3	188	0.000

a Predictors: (Constant), Marketing Innovations

b Predictors: (Constant), Marketing Innovations, Firm Size

c Predictors: (Constant), Marketing Innovations, Firm Size, Marketing Innovations * Firm Size

Table 6 presents the change in the R^2 value for the model examining the moderating effect of firm size on the relationship between Marketing innovations and competitiveness. The first model, which includes only Marketing innovations as predictors, shows an R^2 of 0.856, indicating that 85.6% of the variance in competitiveness can be explained by marketing innovations. The second model, which adds firm size as a predictor, results in a slight increase in R^2 (0.861), indicating a small improvement in the model's explanatory power with the inclusion of firm size. The third model introduces the interaction term between Marketing innovations and firm size, leading to a further increase in R^2 to 0.872. This demonstrates that firm size, along with its interaction with Marketing innovations, significantly contributes to explaining the variance in competitiveness.

Table 7: ANOVA Results for the Moderating Effect of Firm Size

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.307	1	8.307	1128.73	.000b
	Residual	1.398	190	0.007		
	Total	9.705	191			
2	Regression	8.354	2	4.177	584.334	.000c
	Residual	1.351	189	0.007		
	Total	9.705	191			
3	Regression	8.463	3	2.821	427.269	.000d
	Residual	1.241	188	0.007		
	Total	9.705	191			

a Dependent Variable: Competitiveness of Food and Beverage Firms

b Predictors: (Constant), Marketing Innovations

c Predictors: (Constant), Marketing Innovations, Firm Size

d Predictors: (Constant), Marketing Innovations, Firm Size, Marketing Innovations * Firm Size

Table 7 shows the ANOVA results for testing the moderating effect of firm size. In Model 1, the regression sum of squares is 8.307, and the F-value of 1128.73 is highly significant ($p < 0.001$), indicating that Marketing innovations alone explain a significant portion of the variance in competitiveness. When firm size is added in Model 2, the sum of squares increases slightly to 8.354, and the F-value remains significant ($F = 584.334$, $p < 0.001$), showing that the inclusion of firm size improves the model. The third model, which includes the interaction term, increases the

sum of squares to 8.463, with an F-value of 427.269, still significant at the 0.001 level. This further confirms the importance of both firm size and the interaction between entrepreneurial innovations and firm size in explaining competitiveness.

Table 8: Coefficients of the Model for the Moderating Effect of Firm Size

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.247	0.123		2.011	0.046
	Marketing Innovations	0.941	0.028	0.925	33.597	0.000
2	(Constant)	0.197	0.122		1.607	0.110
	Marketing Innovations	0.935	0.028	0.919	33.723	0.000
	Firm Size	0.018	0.007	0.070	2.571	0.011
3	(Constant)	4.874	1.153		4.225	0.000
	Marketing Innovations	-1.264	0.540	-1.243	-2.340	0.020
	Firm Size	0.017	0.007	0.067	2.571	0.011
	Marketing Innovations * Firm Size	0.258	0.063	2.164	4.076	0.000

a Dependent Variable: Competitiveness of Food and Beverage Firms

Table 8 provides the coefficients for the models examining the moderating effect of firm size. In Model 1, the coefficient for Marketing innovations is highly significant ($B = 0.941$, $p < 0.001$), indicating a strong positive relationship between Marketing innovations and competitiveness. In Model 2, firm size has a positive and significant effect ($B = 0.018$, $p = 0.011$), suggesting that larger firms are more competitive. However, in Model 3, the coefficient for the interaction term (Marketing Innovations * Firm Size) is also significant ($B = 0.258$, $p < 0.001$), indicating that the relationship between Marketing entrepreneurial innovations and competitiveness is strengthened for larger firms. Additionally, the negative coefficient for Marketing innovations ($B = -1.264$) suggests that in smaller firms, the impact of Marketing innovations on competitiveness may be weaker.

Moderating Model Equation (With Interaction Term):

$Y = 4.874 - 1.264MI + 0.017FS + 0.258MI \times FS)$

Where:

Y = Competitiveness of Food and Beverage Firms

MI = Marketing Innovations

FS = Firm Size

MI×FS = Interaction term between Marketing Innovations and Firm Size

The results presented in the tables highlight the significant role of both Marketing innovations and firm size in enhancing the competitiveness of food and beverage firms. As shown in Table 8, the model's R^2 value increases as firm size and the interaction between entrepreneurial innovations and firm size are added, suggesting that firm size has a moderating effect on the relationship between Marketing innovations and competitiveness. This finding aligns with previous research, which has found that larger firms tend to benefit more from innovations due to their ability to allocate resources effectively and scale innovations more rapidly (Vargas & Zuluaga, 2022). Furthermore, the significant interaction term in Model 3 underscores the fact that the effect of Marketing innovations on competitiveness is not uniform across firms of different sizes.

This finding is consistent with studies indicating that larger firms are more likely to have the financial and organizational capacity to adopt and successfully implement innovative strategies (Meyer & Soni, 2021). The moderating effect seen in Table 8 highlights that the relationship between entrepreneurial innovations and competitiveness is stronger in larger firms, supporting the view that firm size enhances the ability to leverage innovations for improved performance.
Despite the positive role of firm size, the negative coefficient for Marketing innovations in smaller firms, as indicated in Model 3, warrants further investigation. It suggests that while innovations may be beneficial for larger firms, smaller firms may struggle to translate Marketing innovations into improved competitiveness. This could be due to resource constraints, lack of managerial capabilities, or insufficient organizational structures in smaller firms to manage the changes effectively (Karanja & Njiru, 2020). Therefore, while firm size amplifies the benefits of Marketing innovations, smaller firms may need additional support or tailored innovation strategies to realize similar competitive advantages.

5.0 CONCLUSION OF THE STUDY

The study explored the role of marketing innovation in enhancing the competitiveness of food and beverage firms, focusing on the moderating influence of firm size. The findings from this research illustrate the profound impact that innovation can have on a firm's competitive position, showing that various forms of innovation such marketing strategies, are critical drivers of competitiveness. The moderating role of firm size indicates that larger firms are better positioned to leverage these innovations effectively, while smaller firms may face more challenges due to resource limitations. One of the primary conclusions drawn from the study is the significant relationship between marketing innovations and competitiveness. It became evident that firms that invest in and embrace innovation in multiple areas tend to enjoy a stronger market position. Specifically, marketing innovations emerged as a particularly influential factor, suggesting that firms which focus on differentiating themselves through marketing strategies can attract and retain customers more effectively, thereby enhancing their competitive advantage. Innovations in product development also played a key role, allowing firms to meet evolving consumer preferences and needs, which is essential in an industry where consumer demands can change rapidly.

6.0 RECOMMENDATIONS

The study emphasizes the importance of fostering innovation to enhance competitiveness in food and beverage firms. Managers are encouraged to adopt ongoing, comprehensive strategies across product development, marketing, production, and organizational structures. Key recommendations include cultivating a culture of innovation through leadership, allocating resources for R&D, adopting a customer-centric approach, and ensuring effective implementation and continuous evaluation of innovation efforts. Collaboration with external partners and maintaining agility and flexibility are also vital. Leadership commitment is crucial for inspiring innovation and recognizing efforts.

Policymakers should support SMEs through financial incentives, access to innovation hubs, and promoting R&D investments. Encouraging public-private partnerships and creating robust innovation ecosystems will further enhance sector competitiveness. By investing in necessary infrastructure and facilitating knowledge transfer, governments can support the food and beverage sector's growth and innovation.

The study focused on determining the moderating role of firm size in the relationship between marketing innovation and competitiveness of Food and Beverage manufacturing firms in Nairobi City County. A further study should be carried out focusing on other manufacturing firms in different sector of the economy such as in agricultural chemical manufacturing.

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