

**ENTRY AND SUSTENANCE STRATEGIES OF DAIRY
PROCESSING FIRMS INTO SUPERMARKETS IN
NAIROBI CITY COUNTY**

BY

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the Award of Degree of Master of Arts in Development Studies, Institute for
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UNIVERSITY OF NAIROBI

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DEDICATION

I dedicate this work to my dear mother Edith Mugo for her unwavering support and constant reminder of the value of education.

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LIST OF ACRONYMS AND ABBREVIATIONS

COMESA	Common Market for Eastern and Southern Africa
DfID	Department for International Development
EAC	East Africa Community
ESL	Extended Shelf Life
FKE	Federation of Kenya Employers
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
HACCP	Hazard Analysis Critical Control Point
IDS	Institute for Development Studies
IFT	Institute of Food Technologies
KAM	Kenya Association of Manufacturers
KCC	New Kenya Cooperative Creameries
KDB	Kenya Dairy Board
KEBS	Kenya Bureau of Standards
KEPSA	Kenya Private Sector Alliance
KNBS	Kenya National Bureau of Statistics
M&A	Mergers and Acquisition
MERCOSUR	Mercado Común del Sur, Portuguese: Mercado Comum do Sul, Guarani: Ñemby Ñemuha, Southern Common Market
MoLD	Ministry of Livestock Development
NCC	Nairobi City County
NPD	New Product Development
R&D	Research and Development
RBV	Resource Based View
SAAL	Sameer Agriculture & Livestock Limited
UHT	Ultra High Temperature

ABSTRACT

Studies have observed that the growth of dairy processing firms has been highly dependent on doing business with supermarkets as they are powerful actors who offer huge opportunities for growth. Therefore, dairy processing firms employ different strategies for gaining entry and also sustaining their products in the supermarket chains. This study therefore, sought to examine the entry strategies used by dairy processing firms into supermarkets; to analyze the sustenance strategies used by dairy processing firms into supermarkets; and to determine the challenges dairy processing firms face during entry and sustenance into supermarkets.

Methodologically, this study applied the case study design where primary and secondary data were gathered. Primary data was gathered through a case study guide and an observation schedule. Two rounds of sampling were conducted on a population of eleven dairy processing firms. The first round was a census to verify existence of the predetermined dairy processing firms, to determine their sizes and schedule interview appointments. In the second round simple random sampling technique was conducted to select six firms (2large, 2medium and 2small) that were included in the sampling frame. Data was analyzed through thematic analysis.

The study found out that New Product Development (NPD), distribution chains, diversification (market and product), packaging, Mergers and Acquisitions (M&A), food safety strategies, written business strategy, market and marketing and products serve as important entry strategies into the supermarket chains. Organizational structure and slotting allowance were crucial sustenance strategies though slotting allowance also served as an entry strategy. It further established that dairy processing firms experience challenges while trading with supermarkets. The challenges include safety and health standards, imports, export markets, trade credit, product promotion, legal certification, supermarket private standards, own labels and market challenges.

The study concludes that small, medium and large dairy processing firms apply different entry and sustenance strategies and may experience different challenges while transacting business with supermarkets. The study recommends that dairy processing firms automate their distribution systems; small and medium dairy processing firms to use websites and new media in their marketing strategies. Further to this dairy firms should adopt environmental friendly packaging; dairy processing firms and national authorities should set debt ceilings for protecting against supermarket collapse; Kenya Dairy Board (KDB) to regulate importation of dairy products (powder milk and lactose free milk); activate cost reduction measures for dairy processing firms; dairy regulatory authorities to apply industrial regulations and standards uniformly without favoring any dairy processing firm.

1.0 INTRODUCTION

1.1 Background

Kenya has a robust dairy processing sector estimated at 4% of the country's GDP (Rademaker, et al., 2016). The sector has recorded an increase in dairy produce especially milk which is delivered to dairy processing firms for processing. This increase from 419.3 million litres in 2014 to 437.5 million litres in 2015 has translated into a burgeoning of the volume of dairy products such as milk, cream, butter and ghee. The production of yoghurt and fermented milks has also recorded a significant increase of 24.5% between 2014 and 2015 (KNBS, 2016).

The sector has a complex value chain with diverse actors that include farmers, traders and vendors, collection centers, distributors, processors, and retailers. There is also a proliferation of inputs, products and services (Rademaker, et al., 2016). Dairy processing firms as actors in the sector include few large processing firms and a high number of small and medium dairy processing firms. An estimated 40 dairies are significantly active in production and availing their products to the market through the normal retail channels (Muriuki, 2011).

The National MSE Baseline Survey (1999) categorizes firms into small, medium and large with small firms having less than 49 employees, medium firms having between 50 and 99 employees while large firms have more than 100 employees. The large dairy processing firms concentrate on ambient temperature long shelf life products; medium and small scale processors process high value products such as flavored milk, yoghurt, cultured milk, cream, ghee and butter. A big number of the small specialist dairies produce some products either exclusively or together with few others. Such products include yoghurt, cheese and ice cream (Food Business Africa Magazine, 2013).

Current trends in Kenya show that the production, marketing and demand for dairy products continues to grow especially for dairy products such as UHT, milk powder, yoghurt, cheese, butter, ghee and cultured milk which are experiencing growing demand especially in urban areas and regional markets. Further to this, there is increase in dairy processing firms, dairy investment capacity expansion and technology (KDB, 2016).

Dairy processing firms depend on the retail market (wholesalers, shops, supermarkets) to sell their products down the value chain. The processors have noted that dairy products continue to gain popularity especially in urban areas due to increased incomes, changing eating behaviors, convenience, and emergence of new actors in the value chain. These new actors include supermarkets which are currently preferred by dairy processing firms as supermarket chains offer high opportunities among other major benefits. The supermarket chains do not only offer self-service but also a touch and feel notion to Kenyan consumers. They have successfully dislodged small scale shops (duka) as the main targets for consumers (Ouma et al., 2013).

Supermarkets have gone beyond the initial middle-class clientele and penetrated the food markets of lower class citizens making them popular ventures. However, the relationship between supermarkets and processors is complicated as supermarkets are very demanding clients. They have high level requirements such as the need for higher and more consistent quality, consistent year round delivery, larger volumes, and stringent payment terms. But these requirements do not deter processors and if successfully met dairy processing firms look forward to great growth opportunities (Neven and Reardon, 2004).

This study therefore, delved into analyzing the relations between dairy processing firms and supermarkets where we intended to comprehensively bring out the entry and also the sustenance strategies used by the dairy processing firms into supermarkets.

1.2 Problem Statement

There are several types of retailers in the dairy product value chain. Among them are small shops, wholesalers and supermarkets. However, in recent times, supermarkets have gained prominence due to their significant effect on the marketing systems of agri-food products as they influence expansion into new markets; assure consumers of the quality and safety of dairy products; and satisfy buyers' service requirements (Humphrey, 2007). This fact has made food processing firms prefer supermarkets to market their products to consumers. This has been further boosted by the 'supermarket revolution' which continues to increase the quantities of processed foods on supermarket shelves.

Literature shows that dairy processing firms value supermarkets as they are powerful actors in the supply chain due to their large volume intakes and fast sales (Louw, 2013). In as much as

supplying to supermarkets offers potentially large opportunities, it presents a daunting challenge considering the current financial crisis and ‘supermarket wars’ characterizing Kenya’s supermarkets. However, supermarkets remain a key route in marketing food products as supermarket chains are catalysts that stimulate growth and open opportunities for food processors especially in the regional markets (Das Nair, 2017). Therefore, dairy processing firms worldwide employ different strategies in order to gain entry and also sustain their products in supermarkets. The entry strategies are geared towards accessing the supermarket procurement list, gaining refrigeration space and securing shelf space. On the other hand, sustenance strategies are for purposes of retaining products and ensuring constant supply of products to supermarkets. Despite the use of entry and sustenance strategies by dairy processing firms, evidence shows that some small, medium and large dairy processing firms have failed to gain entry into the supermarkets while others have failed to sustain their products in supermarkets.

Empirical literature in Kenya focuses on a range of issues that include product diversification drivers dairy industry in Kenya, physical distribution and sales performance, and marketing milk products but fails to answer specific questions relating to the entry and also sustenance strategies employed by small, medium and large dairy processing firms in establishing a foothold in Kenya’s retail market. The absence of readily available studies evaluating the strategies motivated the current study. Moreover there are no readily available studies that investigate the challenges faced by dairy processing firms trading with supermarkets. These pertinent questions therefore, needed investigation and consequently formed the basis of this study.

1.3 Research Questions

The overall question for this study was what are the entry and sustenance strategies employed by dairy processing firms into supermarkets?

- i. What are the entry strategies used by dairy processing firms into supermarkets?
- ii. What are the sustenance strategies used by dairy processing firms into supermarkets?
- iii. What challenges do dairy processing firms face during entry and sustenance into supermarkets?

1.4 Research Objectives

The overall objective of this research was to analyze the entry and sustenance strategies of dairy processing firms into supermarkets. Specifically, the following are the objectives:

- i. To examine the entry strategies used by dairy processing firms into supermarkets.
- ii. To analyze the sustenance strategies used by dairy processing firms into supermarkets.
- iii. To determine the challenges dairy processing firms face during entry and sustenance into supermarkets.

1.5 Justification of the Study

Literature shows that researchers have shied from evaluating the entry and also the sustenance strategies employed by dairy processing firms in trying to access supermarkets. It is against the backdrop of insufficient empirical investigations, that this study sought to enrich and contribute knowledge to the existing literature and further broaden information on this subject.

Our study noted that small, medium and large dairy processing firms employ different entry and sustenance strategies due to the difference in their internal dynamics. Therefore, there was need to assess the difference in strategies used by these dairy processing firms in order to better comprehend how the strategies help firms to navigate the market place as they seek to enter and sustain their products in the supermarket controlled dairy product value chain.

It is critical to note that the dairy industry is a key agricultural subsector to Kenya as the dairy value chain contributes substantially to the country's GDP. Therefore actors such as dairy processing firms in the industry are critical to government policies and their participation in the expanding supermarket value chain is critical to the country's industrial objectives. Production, distribution and pricing of dairy products are important to domestic and regional households, industries and governments. The dairy processing sector remains relevant to the supply chain, economy, food security and national agenda due to its contribution to nutrition, employment and GDP.

Therefore, this study is of interest in addressing policies in the value chain especially between the supermarkets and dairy processing firms. Furthermore, it informs the dairy processing firms

especially the small and medium ones, of the challenges they face and gives the respective remedies that will aid in increasing their market share and sales.

1.6 Limitations of the Study

This study had two main limitations. First the researcher recognizes that the study used number of employees as a proxy for categorizing dairy processing firms as small, medium and large. However, industrial standards that apply use the number of litres taken in by a firm per day to categorize the dairy processing firms. Secondly, the study was conducted in only six of the eleven dairy processing firms in Nairobi County. This may therefore, compromise the generalizability of the findings.

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter contains the theoretical literature review and empirical literature review. The theoretical literature review contains the theories relating to this study which help in comprehending the subject matter while the empirical literature review contains thematically organized studies conducted on the subject matter.

2.2 Theoretical Literature Review

Theories are critical in explaining and predicting phenomena. Several theories have been applied in explaining the firm dynamics that a firm exploits in the process of gaining and establishing a foothold in the market. Some of these theories include the Competitive advantage theory, Theory of Access and the Resource-based theory. In the process of explaining the entry and sustenance strategies of dairy processing firms, this study reviewed these three theories.

2.2.1 Resource Based View (RBV)

The Resource-based view states that the performance of a firm is affected by the firm's specific resources as well as the firm's capabilities. Therefore, the resources within the industry are unevenly spread. The theory combines both the internal and external milieu of a firm in order to formulate firm strategies. The external analysis from the theories concentrates on the industry structure and how a firm can capitalize on the structure to benefit more than other firms (Barney, 1991). The internal analysis on the other hand is based on specific firm operations and decisions appropriate for firms strategic and goal setting. Therefore, a firm has to know its strengths and weaknesses and in line with this, develop key strategies that help it outmaneuver its competitors using its resource bundles and also its capabilities (Barney, 2001).

Resources according to the theory may include the knowledge, assets, organizational processes and capabilities a firm has. Such resources are crucial in the process of capitalizing on emerging opportunities and also countering threats in the industry. Several categories of resources exist and include physical capital, technology, human capital, reputation, organizational capital, finances, information, and corporate culture. These resources are only of strategic value if they are effectively and efficiently used by the firm (Priem, & Butler, 2001).

This theory however, overly concentrates on the internal dynamics of a firm and therefore does not aptly describe the external circumstances that characterize an industry. This makes it inflexible in explaining both the internal and external dynamics that firms use while developing both entry and sustenance strategies. Further to this, the theory does not optimally describe the competitive environment that firms operate in. To this end, this theory is limited.

2.2.2 Theory of Access

The theory of access is traced to Ribot and Peluso (2003) who argue that access involves identifying benefits of interest and mechanisms used by different actors to gain, control and maintain the benefits accrued in the market. Actors which in this case are firms, engage in access analysis where they identify mechanisms through which the different actors gain, control and maintain benefits. In this theory, access is based on power-relations that include capital, technology, identity, labor, access to markets, authority, social relations and knowledge which aid firms to extract benefits from the resources (Ribot and Peluso, 2003).

However, this theory is insufficient for use in this study. This is from the fact that the theory does not sufficiently capture the sustainability aspect that this study also seeks to explain. The Theory dwells on entry strategies and therefore, ignores sustenance strategies.

2.2.3 Theory of Competitive Advantage

The major proponent of this theory Michael Porter (1990) argues that five competitive forces define the rules of competition in an industry. These competitive forces include potential entrants, buyers, industry competitors, substitutes and suppliers.

The nature of competition and the origins of competitive advantage are very different among industries and even among the segments of the same industry. Porter (1990) asserts that the goals of competitive strategy for any firm within an industry is for purposes of positioning itself where it can best defend its interests against competitive forces or influence these forces in its favor. Therefore, formulating competitive strategy is essentially for relating a company to its environment. A firm's critical strengths and/or weaknesses are highlighted by the knowledge of these underlying sources of competitive pressure. The firm also animates its positioning in the industry, clarifies areas where strategic changes yield the best outcomes and also highlights areas where industry trends promise the greatest significance as opportunities or threats.

Porter (1990) further opines that potential entrants, substitutes, buyers, suppliers and industry competitors; together determine the levels of competition and profitability within an industry. The strongest competitive force is regarded as critical from the vantage point of strategy formulation. The competitive steps taken by a firm presents some noticeable effects on its competitors which in turn triggers efforts to counter such firm moves. He asserts that rivalry among the competitors is a competition for positions through tactics that include competition over prices, advertisement battles, introducing new products and increased customer service. In the theory, competition in an industry is grounded in its essential economic structure. It surpasses the behavior of current competitors and a firm does not become a prisoner of the industrial structure. Firms can influence the five competitive forces through strategies formulated after critically analyzing and identifying the key driving factors defining the industry.

To benefit from competitiveness and sustainable advantage, firms ought to create value for a customer which is possible through fast responses to the ever changing business environment which is technologically driven. However, Porter fails to include technology as a factor that influences conduct in the sector. Secondly, Porter ignores the fact that government is a force that influences competition within an industry and this can be understood in isolation of the five competitive forces he concentrates on (Porter, 1990).

This theory is important to our study as it recognizes that firms compete in the industry and every firm is keen to improve its internal characteristics that give it an edge over others. The dairy processing sector is characterized by many firms competing for market share and space in the supermarkets. These firms seek to prevail and to this end, this theory stands relevant. This study therefore, adopted the Competitive advantage theory as its tenets best give an expanded and more general picture of strategies used by dairy processing firms while navigating the complex business environment which presents a daunting challenge to enter and sustain products especially in supermarkets.

2.3 Empirical Literature Review

This section contains the empirical literature which is thematically organized and contains literature of works conducted regarding the subject matter. However, it first introduces the scholarly position of what strategy is and how firms utilize strategies to attain set objectives.

2.3.1 Strategy

Strategies are critical in the process of navigating the market place. Strategies have been used by firms to introduce products and also sustain them in retail chains. Henderson (1984) opines that *good strategy must be based strategically on logic, not on experience derived from intuition*. He notes that strategies of most old firms were intuitive and based on traditional patterns of behavior that have been successful in previous business environments. However, the ever changing business environment of today makes such strategies inadequate and creates a need to strategize and change customary managerial habits.

Strategy has also been discussed by Pearce and Robinson (2007) who argue that formulating a strategy begins with an analysis of the organization's internal and external situation which is followed by devising comprehensive moves and approaches calculated for purposes of producing targeted short run and long run results. Crafting and executing strategy remain core management functions. Also nothing has an effect on a firm's success or failure more fundamentally than how the management steers the firm through developing competitive and effective strategies. Johnson et al. (2008) also discuss strategy and argue that it is the direction and scope an organization takes over a long period. This helps the organization achieve advantages through configuration of resources within a challenging environment.

In this study, entry strategies are defined as strategies used by dairy processing firms to gain entry into the supermarkets procurement list, get refrigeration space and also shelf space. These strategies establish a relationship between these two actors in the dairy supply value chain. On the other hand, sustenance strategies are strategies used for maintaining products of dairy processing firms in supermarkets. These strategies are critical in the process of continued trade engagements where the processors apply strategies that ensure they remain in the procurement list and constantly supply products.

2.3.2 Entry Strategies of Dairy Processing Firms into Supermarkets

Scholars such as Hollingsworth (1994), Graf and Saguy (1999) and Rudder et al. (2001) concur that New Product Development (NPD) is an important strategy for entering the retail market. Hollingsworth (1994) observes that thousands of new food products are introduced into the retail market but these products face almost certain extinction. While the cost of developing and launching unsuccessful food products remains extremely high, out of 10,000 new products launched, only a handful record success. Similarly, Graf and Saguy (1999) note that new products are the lifeline of food companies and the correlation between research and development (R&D) spending and sales is high which means most food companies spend large percentages of their internal R&D finance on product development and applied research.

Another study on NPD is by Rudder et al., (2001) which concludes that new products are either original, improved or modified products developed through research and development efforts. However, truly innovative products that have never appeared in the market under any guise remain extremely rare and only 10% of the entire list of new products introduced in a particular period (five years) were truly innovative or new in the market and world. Suwannaporn and Speece, (2003) assert that NPD in the food processing industry is market driven and therefore, conscious of the changing consumer tastes and preferences. NPD concentrates majorly on improving quality, shelf life and packaging. Latest studies for instance by the Institute of Food Technologies (IFT), (2015) argue that protein content has recently been a key area in NPD. The global launches for 'source-of-protein' or 'high-in protein' content products have been present in the dairy sector.

Distribution stands as a critical strategy for dairy processing firm's entry into retail markets. Literature for instance Muriuki (2011) shows that physical distribution is a factor that affects sales performance of firms in Kenya and the success of dairy processing firms is highly dependent on the efficiency and effectiveness of their distribution strategies. He observes that despite the high demand for dairy products, dairy processing firms have failed to meet market demand and thus creating the need to employ physical distribution strategies that guarantee the increase in sales volume and market share. Odondi (2001); DfID (2001) and Reardon et al. (2012) show that dairy processing firms also enter markets through licensed market channels that have elaborate systems of distribution and retailing. This serves to access retailers and consumers

in the market. Further to this, strong distribution encompasses investments in cooling facilities located in milk surplus areas. The presence of “cold chains” creates a cheap and constant network of supply and such modernized distribution systems with complex logistical systems ensure capturing of new markets.

Mergers and Acquisitions (M&A) have been found to be critical in entering new markets especially among global multinationals in the food processing industry. Martinelli (1999) studied M&A and shows that MERCOSUR’s large domestic firms practice this strategy where they buy off smaller firms and became regional multinationals. Such firms prospected the market, started local operations through either foreign direct investment (FDI) or taking over a local firm which had a strong local market presence and good marketing channels. In another study Belik and Roseli (2002) show that as a strategy, M&A guarantees expansion and immense marketing channels. Dairy processing firms like Sancor, Mikalt, Mastellone and Conaprole in the MERCOSUR region have expanded to become regional multinationals in response to pull factors such as to increase scale, to take advantage of market opportunities and deregulate investment.

Food safety attributes in dairy products is a vital aspect of entering retail chains. Wang et al., (2008) show that food safety is a top concern for consumers in China. National standards, certification systems and safety and quality system requirement have been put in place to regulate safety. Supermarkets and food processing firms in China attract clientele based on their reputation for safe dairy products which they guaranteed by following public and private standards. The dairy industry has adopted global quality management systems such as Hazard Analysis Critical Control Point (HACCP). Dairy products are primarily shopped from supermarkets and the prices are determined by product attributes such as taste, time, health, quality, safety, packaging and convenience. Specific brands of high reputation in the market and highly diversified dairy processing firms have the most accepted brands in supermarkets. Further to this consumers prefer brands of local milk processors than foreign owned dairy processing firms and are willing to pay modest premiums for dairy products processed and packaged according to HACCP procedures.

Empirical studies show that diversification is a strategy in accessing markets. Kariuki (2016) studied the product diversification drivers and its influence on the performance of dairy

enterprises. The study concludes that access to markets for diversified products has an influence on the performance of dairy processing firms.

Dairy processing firms have adopted diversification as a strategy to access markets including retailers. Technological innovation, resources and markets are the main drivers in product diversification and performance of dairy processing firms.

2.3.3 Sustenance Strategies of Dairy Processing Firms in Supermarkets

Organizational structure is underscored as a strategy for maintaining relations between firms as it influences and shapes the performance of firms in dynamic environments. Davis et al. (2009) in their study sought to answer the longstanding question in firm strategy and organization theory. They ask how does the amount of organizational structure influence firm performance? The study concludes that balancing between too much and/or too little structure is a strategic move with a bearing on the performance of organizations in dynamic environments. It has been argued that organizations with too little structures suffer from insufficient guidance to efficiently generate appropriate behaviors. On the other hand, the organizations having too big a structure lack flexibility and are constrained. This situation presents a dilemma to firms as research shows that high performance in dynamic environments is guaranteed only when efficiency and flexibility are achieved.

Slotting allowance is a common practice in the relations between supermarkets and agro food processors and manufacturers. Hamilton (2003) observes that the term is currently used generically to represent transactions that may include payments such as introductory fees for new products, floor charges for firm processor to make sales presentations, periodic stocking fees for existing products, and display fees for special merchandising and promotion. Slotting allowance is frequently exchanged in the highly concentrated, processed product categories that include frozen and refrigerated foods, candy, dry grocery, snacks, beverages, and microwaveable shelf-stable foods. Similarly, other literature notes the role of slotting allowance in maintaining linkages with retailers. Hamilton (2003) argues that slotting allowance may be paid by a food processor in exchange for retail concessions that may include to acquire a relatively more desirable shelf space position in the supermarket or to exclude rival processors from obtaining shelf space through an exclusive territory arrangement (Hamilton, 2003).

Innes and Hamilton (2012) argue that in an oligopsonistic market there are numerous processors competing to sell products to few large and powerful supermarkets. Similarly, Nadonde and Kuada (2017) argue that the number of suppliers is higher than supermarket outlets which give retailers flexibility in choosing suppliers and the advantage of dictating terms of trade. An oligopsonistic processor therefore, has incentive to pay slotting allowance to retailers as this avails an opportunity to the contracted processor to negotiate a higher wholesale price for products. This shifts the processor's marginal value product function outwards which is relative to the rival processor in the product market. However, in a collusive situation, processors maximize joint profit with retailers through establishing contract terms that stipulate negative slotting allowances in exchange for lower wholesale prices.

2.3.4 Challenges Faced by Dairy Processing Firms during Entry and Sustenance of Dairy Products into Supermarkets

Imports are a major hindrance to local food processing firms which seek to supply to the retail sector. Emongor and Kirsten (2009) focus on challenges facing small firms and note that supermarkets prefer sourcing from large suppliers due to consistence in quality and quantity. Their study conducted in South Africa, observes that supermarket chains in the region import products and rarely source from local food processing firms. Further to this food products sold in South African owned supermarkets located in Zambia, Botswana and Namibia shows that processed foods are imported from South Africa; supermarkets stock homogenously in the processed foods category; and the procurement system is centralized. This factors close out the local firms out of the chains.

Similar studies point out that a range of challenges including imports that affect local firms. Das Nair (2017) observes that supplier development initiatives by supermarkets have had limited influence on suppliers in the value chain due to the scale and scope; ad hoc nature and absence of regional development perspectives. Das Nair's (2017) findings also point out that large supermarkets have considerable buyer power and control on the pricing and terms of trade which poses a great challenge to the food processing firms. The listing/support fee paid for purposes of getting listed in procurement list among other charges amount to 10-15% of the product price. Further to this the interactions with supermarkets are constrained by costs on access to shelf space, refrigeration space for products, preference for dominant suppliers, standard legal

requirements, supermarket private standards such as barcoding, packaging, sustainability criteria, religious requirements and on-going audits which are paid for by the suppliers.

Acceptance of trade credit, reliability, return policy, packaging, well-promoted products and price are challenges faced by supplying firms. Nandonde and Kuada (2016) argue that these factors influence suppliers chosen by retailers. They argue that packaging remains a very strong criterion for selection of suppliers and retention of their products in supermarket shelves. It involves product color, packaging material, products temperature, compostability, brand name, leak resistance, capacity and value. Innovative strategies in terms of packaging distinguish products of small, medium and large processors. Nandonde and Kuada (2016) assert that supermarkets buy from local processors without guarantee of sales. To this end if such products expire, supermarkets cushion themselves through paying the suppliers after sales or automatically forwarding losses to suppliers.

Other studies observe that standardization of safety standards pose a challenge to food processors. Malik et al. (2014) opine that food safety standards include safety and quality in processing. In both the developed and developing countries, unprecedented challenges include globalization of food trade; burgeoning of processed food products with increased amounts and numbers of additives; shifts in food consumption patterns; and more intensified food production systems. These aspects have to be adhered to and food processors have to strategize on how to meet preferences of the consumers while at the same time adhering to regulations for instance Codex Alimentarius.

Slotting allowance demanded by retailers is a challenge for food processing firms. Hendrickson et al., (2001) write that in the U.S, slotting allowance, advertisement fee and fee on unsellable products is between 50-70 percent of the total profits of large retailers. Trade promotions paid by processors (display fees, presentation fees, failure fees and pay-to-stay fees) pose a huge challenge as they amount to large sums every financial year. These finances are paid due to the market power of retailers and also serve as a tool for discriminating between large, medium and small processing firms which pushes some processors out of business therefore, undermining established distribution channels. However, there are strong processing firms in the dairy industry who have huge successful brands. Such processors have an edge in the power relationship as branding creates leverage with retailers and therefore pay little or no charges.

Other processing firms dominate particular product lines and are “category captains” who can influence other processors. For food retailers and food processors to increase profits in the dairy value chain, the actors with the least power including small processors and farmers are squeezed longest and hardest.

Price margins and private labels have penetrated the food industry and have become major challenges to processing firms. Srivastava et al., (2012) argues that retailers now negotiate for better price margins, decrease intermediaries in the chain and introduce private labels in order to increase their profits. Fast Moving Consumer Goods (FMCG) however, show a different dynamic as they are competitive and have a low credit period. These authors note that in India and China new products especially from existing food processors have a good adoption rate though new products penetrate if existing processors fail to develop new products. The new products are sourced in small consignments to undergo trials which dictate if the product will be repurchased or de-listed from the procurement system. De-listing takes place if a product does not meet the required quality or performs poorly or supplier behaves unfairly. The study observes that slotting allowance in India is not charged by retailers as in the U.S and China as the FMCG market experiences low proliferation of brands meaning retailers stock the usual brands. Though suppliers are charged a small administration fee, they are required to contribute to the promotional and advertising costs.

Dairy processing firms are constrained by lack of equipment, lack of skills, competition and lack of power. Njarui et al. (2010) found out that dairy processing firms dealing in Eastern Kenya rely on several market outlets with the largest being selling directly to individuals (90.0), catering services (7.5) and retailing shops (2.5). Firms also face distribution and marketing challenges that include competition from other processors, irregular payments, poor road infrastructure and unstable prices. However, Njarui et al. (2010) argues that for firms to remain competitive they have to strategically add value to their products through improving quality, diversifying, improving on packaging and engaging in new product development.

Markets have also been reported as possible challenges to dairy processing firms. The Ministry of Livestock Development (MoLD) (2010) observes that large and small specialized dairy processing firms have limited production for high value products (butter, cheese, cream, ghee, and yoghurt) due to limited local consumption but regional markets have a great potential for

these products. Kenya's dairy processing firms produce homogeneous products irrespective of target market but currently some processors have changed strategies and are searching for niche markets and processing of products such as colorful flavored UHT milk, low fat milk, fruit yoghurt targeting the youth and urban areas.

2.4 Variable Operationalization

This study operationalized the dependent and independent variables for purposes of collecting data that is relevant to the objectives. Operationalization entails devising measures of concepts in the study. The independent variable is the strategies used by dairy processing firms. Strategies in this study were the comprehensive steps and approaches devised by a dairy processing firm for purposes of producing targeted short run and long run goals. Entry strategies were measured by the steps firms took regarding parameters such as NPD, packaging, distribution system, M&A, diversification, trade promotions among other parameters. Sustenance meant being able to supply to the supermarkets for at least four months. Sustenance strategies were measured by the tangible steps on organizational structure and slotting allowance taken by a firm to address sustainability of dairy products in supermarkets. The dependent variable is access to supermarkets. Access in this study was represented by entering the procurement list, allocation of shelf space, getting refrigeration space and being able to continuously supply products to the supermarket.

2.5 Summary and Critique of the Literature

This literature brings out the strategies employed by firms in the food sector to enter and also sustain their products in retail chains. Further to this, the literature aptly captures the challenges experienced by these processing firms in the process of trading with supermarkets. Strategies according to the literature are dynamic as they evolve with the business environment to suit current business complexities that characterize the value chain. The literature points out that strategy is formulated with a focus on the firm's internal and external milieus.

This is followed by devising comprehensive moves and approaches for purposes of meeting set short run and long run objectives. An analysis of the literature shows that entry strategies include new product development, distribution systems, mergers and acquisition, diversification and food safety. These strategies have proven useful in entering the supermarket which is epitomized

by getting a position in the procurement list, allocation of shelf space and also refrigeration space. On the other hand, the literature shows that sustenance strategies are important to firms as they are able to ensure they are retained in the supermarket procurement list and therefore, constantly supply products to these supermarkets. Some of the sustenance strategies as indicated by the literature include paying of slotting allowance and having an organizational structure that allows dynamism and flexibility.

However, some of these studies have flaws while addressing the entry and sustenance strategies. First and foremost is that most studies are not specifically dealing with the dairy industry and are generally stating the findings found in the food processing industry (Hollingsworth, 1994; Graf and Saguy, 1999; Suwannapron and Speece, 2003; IFT, 2015; Rudder et al, 2001; Hamilton, 2003; and Malik et al., 2014). Some studies are old and need to be updated as there is a huge time lapse since the day they were conducted (Odoni, 2001; DfID, 2001; Martinelli, 1999, Hamilton, 2003; Emongor and Kirsten, 2009; Hendrickson et al., 2001; and Njarui et al., 2010). Also some of the studies are describing the food industry scene in other continents and countries which differ greatly with the Kenyan food processing scene (Suwannapron and Speece, 2003; Martinelli, 1999; Wang et al., 2008; Nadonde and Kuada, 2017; Das Nair, 2017; Hendrickson et al., 2001; and Srivastava et al., 2012). Further to this, some studies had methodological issues (Nadonde and Kuada, 2016).

Lastly, the literature captures the challenges faced by firms in the food processing industry. Some of the salient challenges include imported products, trade credit, reliability, return policy, packaging, lack of equipment, lack of skills, competition, lack of power, lack of standards, own label products, slotting allowance and markets. The reviewed studies capture challenges that are general to the food processing industry and fail to capture the case in the dairy processing industry and supermarkets. To this end, the mentioned challenges may not be applicable, sufficient or current to the dairy processing firms in Kenya.

3.0 METHODOLOGY

3.1 Introduction

This chapter covers the research methodology applied in this study. It outlines the research design, study site, target population, data analysis and presentation.

3.2 Research Design

This study employed a case study research design. The case study research strategy was suitable as it delves into an empirical inquiry that investigates contemporary phenomena. It allowed for the exploration and investigation of real-life phenomenon by carrying out a detailed contextual analysis of a limited number of events and their relationships. Further to this, the case study allowed for both qualitative and quantitative data where unique dynamics regarding the subject matter were comprehensively explained (Yin, 2003).

3.3 Study Site

This study was conducted in Nairobi. Nairobi City County has 9 sub-Counties and forms part of the Greater Nairobi that is made up of 5 counties generating over 60% of the country's wealth. Nairobi County has the highest urbanization rate. Also the County is the smallest (696.1 km²) but the most populous with data indicating the County had 4,253,330 million people in 2017. Nairobi County Integrated Development Plan states that Nairobi County and its environs are highly industrialized with established and sprouting commercial activities (NCC, 2014).

Nairobi County has a high concentration of dairy processing firms dominated by a few big processors, high number of smaller and medium dairy processing firms that process a range of dairy products including high value dairy products (Food Business Africa, 2014). Furthermore, the dairy processing firms operating in this County supply dairy products to the main supermarket retail chains that include Uchumi, Nakumatt, Tuskys and Naivas (Ouma et. al., 2013). These four supermarkets were selected based on the fact that they are old players in the retail sector and control the largest percent of the supermarket retail market in terms of outlets and revenue estimates (Masinde, 2016). The County also has an estimated eleven (11) dairy processing firms which were categorized into small, medium and large. The National MSE Baseline Survey of 1999 categorizes firms using the number of employees where small firms

have less than 49 employees; the medium firms have between 50 and 99 employees while large firms have more than 100 employees.

3.4 Target Population

The target population for this study was the dairy processing firms operating in Nairobi County and supply dairy products to the four big supermarkets in the same County. Muriuki (2011) estimates that Kenya has over 40 dairy processing firms while the official records of KDB show the figure stands at 30 (KDB, 2017). However, these sources do not give an exact figure and also a breakdown of the dairy firms location. Due to this difference in the exact number especially of the dairy firms located in Nairobi, the researcher compiled the list of dairy processors in Nairobi County from the KDB, supermarkets procurement list, internet searches, published material and through directly contacting available dairy firms and asking of their competitors located in Nairobi County.

From this exercises, the target population of dairy processing firms was found to include New Kenya Cooperative Creameries (KCC), Sameer Agriculture & Livestock Limited (SAAL), Orchards Limited, Bio Food Products, Endoville Dairies, Kinangop Dairy Limited, Razco Limited, and Wimssy Fresh dairy. The top level management personnel, heads of departments and heads of specific firm operations in these dairy processing firms were the respondents in this study. Any other firm personnel who oversee various firm activities that relate to this study were incorporated as respondents in order to limit the possibility of too little information or few respondents.

3.5 Sampling Procedure and Sample

This study had a total population of eleven (11) dairy processing firms and intended to conduct an in depth analysis on a sample of these dairy processing firms. This population was compiled from secondary material, internet sources, supermarket procurement list and KDB data. However, due to limitations in resources (time and finance) the study limited itself to a sample of these dairy processing firms numbering six which formed the sampling frame for the study.

The survey was conducted in two rounds.

In the first round, the researcher conducted a census of the eleven dairy processing firms in order to obtain data regarding the size of the firm based on the number of employees (National MSE

Baseline Survey, 1999). This aided in creating three strata for the dairy processing firms with each stratum having large, medium and small dairy processing firms. Further to this, round 1 census gave the researcher an opportunity to schedule interview appointments with the firms that were willing to participate in the study. Lastly, the census was critical in ascertaining and verifying the existence and physical location of the dairy processing firms obtained from secondary data, KDB, internet sources and supermarket procurement list. It is prudent to note that two of the selected dairy processing firms that refused to participate in this study after the introduction and seeking of consent from their management were replaced.

In the second round of the study, the researcher used random sampling technique to select dairy processing firms for inclusion in the sampling frame. Here a list of all dairy processing firms in Nairobi County were allocated numerical values from 1 to 11. These numbers were then randomly sampled through a computer program in order to select two firms for each stratum. The computer program, Stat Trek Random Number Generator, uses statistical algorithm to generate random numbers. This computer statistical program was used to generate the six dairy processing firms for inclusion in each stratum. In case two numbers representing firms in the same strata were selected, then the strata was considered full but the consequent firm was noted in case of the need to replace any of the first two selected firms. Therefore, the sampling frame contained a total of six (2 small, 2 medium and 2 large) dairy processing firms which were the units of analysis and from which the respondents for interviewing were drawn from.

The selected dairy processing firms, which are the unit of analysis, were contacted and interviews were scheduled with the concerned management personnel. However, any selected firm that declined to participate or was unresponsive was replaced by dairy processing firms willing to participate in the study. In this process two firms from Kiambu County were selected. These dairy processing firms had a heavy presence in the big four supermarket chains of Nairobi County. At the end of this laborious exercise our study had four large firms, one medium firm and one small firm which agreed to our request to participate in the study.

3.6 Data Collection Technique

This study relied on both primary and secondary data. Qualitative and quantitative secondary data was gathered from existing material that included books, journal articles, government reports, published theses, and websites among other material. Search engines such as Google

Scholar were valuable for availing articles and books. Electronic journals also served as important sources. In addition, the records and official documents of dairy processing firms were also used (catalogues, reports, and websites) to gather information.

Primary qualitative and quantitative data were gathered from the KDB and the dairy processing firms. A visit was made to the Kenya Dairy Board on 17th of July, 2017 with the purpose of finding more information on Kenya's dairy landscape (number of firms, industrial standards and regulations etc.), getting contacts of dairy processing firms and confirming the list of dairy processing firms compiled from various other sources.

Primary data from the dairy processing firms was collected through interviews where a case study guide served as the data collection tool. The case study guide contained several sections with relevant questions that related to the specific study questions. The case study guide was tested through a pilot study conducted before the actual study.

The pilot was conducted in one dairy processing firm in 25th July, 2017 in order to ensure clarity of the data collection tool. The pretest aided in identifying any problems that would have inhibited collection of accurate and relevant data. Flaws in the data collection instrument were corrected and adjustments made before the actual study. For instance the respondents' details (age) and firm characteristics (age of firm) were changed from open ended questions to linear scales. The respondents' position was also changed to represent three categories (Managerial, Head of Department, Head of specific operations) as some officers inclined to openly mention their actual positions in the company organization structure. Therefore, general categories were introduced to ensure anonymity of the respondent's position. These changes would make data collection and categorization easier and the obtained information easily generalizable. The pilot also revealed the need to approach some issues (for instance slotting allowance and firm strategic plans) with caution as respondents are not willing to openly discuss these issues. The researcher therefore, had to at times leave these issues out if respondent refused to answer, assure respondents of full confidentiality, indirectly ask these issues or seize from recording some conversations in order to make the respondents feel protected.

The actual study of dairy processing firms started from the 3rd of August, 2017 and subsequent interviews of other dairy processing firms followed consistently but with challenges. Interviews took long (50 min-1 hour) and some were conducted for several days due to unavoidable

interferences on the respondent's side. Comprehensive data was collected and the researcher saw the need to find a research assistant for the interviews as some respondents refused to be recorded hence the need to find an assistant to help with taking notes. Further to this, the researcher saw the need for flexibility and financial planning as respondents rescheduled meetings without notice while others were located in distant places. Suspended interviews were also rescheduled and conducted at later dates including weekends. Further to the aforementioned, some respondents would prefer meeting in restaurants and social joints for which the researcher was required to foot the bills. Also, the large nature of some firms meant several respondents were interviewed from a single dairy firm. For instance three respondents interviewed were from a single firm as the respondents thought only concerned heads of departments can adequately address some issues. Lastly, permit letters to conduct research in the dairy firms as issued by the management were hard to obtain as the topic of the study was deemed sensitive to firm operations. In addition to this, the permits to visit the processing plants were rare and only a few of them allowed a tour of their processing plants. Any information that was insufficiently addressed by respondents was clarified through phone calls to the respective respondent. These follow-up phone calls were made in mid-October as the case study reports were being finalized.

Further to the above data collection methods, data was also gathered through observation. Here an observation schedule containing a checklist was drawn for purposes of developing a narrative account. Specific issues of concern to this study such as location, production equipment and technology, layout, levels of automation, safety gear, displayed certificates, health measures, firm distribution outlets, dressing among other issues were observed.

3.7 Data Needs

The table of data needs contains the three specific research questions of the study, the data needed to answer the questions, the source of the data, type of data and the instrument for obtaining the data. This table gives a simplified picture of the research objectives, the type of data derived from the literature review and methodology of the study.

Table 1: Data Needs

Research Questions	Data Needed	Source	Type of Data	Instrument
What are the entry strategies used by dairy processing firms into supermarkets?	<ul style="list-style-type: none"> • NPD • Packaging • Distribution system • M&A • Diversification • Food safety 	Management Personnel/ Heads of departments	Qualitative	Case study guide
What are the sustenance strategies used by dairy processing firms into supermarkets?	<ul style="list-style-type: none"> • Organizational structure • Slotting allowance 	Management Personnel/ Heads of departments	Qualitative Quantitative	Case study guide
What challenges do dairy processing firms face during entry and sustenance of yoghurt into supermarkets?	<ul style="list-style-type: none"> • Imports • Terms of trade • Trade promotion • Legal certification • Food safety • Private label • Niche markets • Safety standards 	Management Personnel/ Heads of departments	Qualitative	Case study guide/ Observation schedule

Source: Author, (2017).

3.8 Data Analysis and Presentation

Data analysis involves examining, categorizing, tabulating, testing or otherwise recombining quantitative and qualitative evidence in order to address the propositions of the study (Yin, 2009). In our study, data gathered from the interviews was transcribed and reports of every case written. This data was analyzed through thematic analysis. In this method, the data was examined for any recurring patterns of core themes between and within the transcribed reports. Recurring themes were noted and used to make generalizations regarding the subject matter of the study (Bryman, 2015).

Themes ranged from new product development, food safety, packaging, distribution and diversification among others. These themes were coded to create a coding manual with instructions regarding the dimensions and categories in each dimension. The coding manual guided the process of entering data in the coding schedule on particular items to be entered. It is from this that an analysis of the case study reports was conducted.

3.9 Ethical Considerations

In the process of collecting and analyzing data in social research, ethical concerns arise. Ethical issues are outlined by codes and guidelines of professional bodies but there still remains ambiguity and contests of some (Bryman, 2015). This study adhered to ethical issues based on participants' well-being, informed consent, anonymity and deception.

Before commencing our study, several letters were sought for from relevant institutions and authorities. An introductory letter and research permit were obtained from the Institute for Development Studies, University of Nairobi. This letter and permit acted as authoritative statements that introduced the researcher and confirmed their status and the type of research they were conducting. Secondly, authority was sought from the Kenya Dairy Board, which is the national body that regulates, develops and promotes the dairy industry in Kenya. In addition, permits to conduct research were obtained from the dairy processing firms selected in the study and their health and safety guidelines were adhered to while visiting the processing plants. Our study also observed anonymity of respondents and confidentiality of the information provided. Further to this, participants were interrogated based on voluntarily participation. Lastly, the intentions of the study were clearly stated without deception regarding the issues under examination.

4.0 FINDINGS AND DISCUSSION

4.1 Introduction

This chapter reports the findings of the study which set out to analyze the entry and sustenance strategies of dairy processing firms into supermarkets. The specific objectives of the study included: To examine the entry strategies used by dairy processing firms into supermarkets; to analyze the sustenance strategies used by dairy processing firms into supermarkets; and to determine the challenges dairy processing firms face during entry and sustenance into supermarkets. The chapter contains the characteristics of the dairy processing firms and findings to the specific objectives of the study.

4.2 Firm characteristics

Table 2: Characteristics of Dairy Processing Firms

Firm	Age	No of employees	Size
F1	27	350	Large
F2	92	1500	Large
F3	8	900	Large
F4	18	200	Large
F5	6	68	Medium
F6	10	10	Small

(Source: Field data, 2017)

From table 2 above the dairy processing firms were differentiated on grounds of age and number of employees. The number of employees was used to categorize the firms as small, medium or large. The actual numbers of years the dairy processing firms have been in operation ranged from 6 to 92 years. The data indicates that four firms (F1, F2, F4 and F6) have been in operation for at least ten years. Firm 5 has been in operation for six years while Firm F3 has been in operation for eight years. From this data we conclude that most of the dairy processing firms in the sampling frame had at least ten years of experience in the Kenyan dairy industry. It is crucial to note that Firm F6 has been in operation for at least ten years but is still a small firm while Firm F3 is large though it has been in operation for only eight years.

Regarding the number of employees, this study applied a firm's number of employees as a proxy to determine the size of the enterprise. Findings indicate that Firm F6 had between one and forty nine (1-49) employees while Firm F5 had between fifty and ninety nine (50-99) employees. Firms F1, F2, F3, and F4 had over one hundred (100 and above) employees. From this data, we conclude that the sample for this study had one small dairy processing firm (F6), one medium dairy processing firm (F5) and four large dairy processing firms (F1, F2, F3, and F4). Using the number of employees to categorize the dairy processing firms as large, medium or small was adopted from the National MSE Baseline Survey of 1999. However, this was contradicted by some respondents' opinion regarding the parameters used to categorize dairy firms as they opined that the dairy processing industry categorizes using the daily milk capacity intake.

The study inquired on the physically location of dairy processing firms (refer to appendix II). Findings indicate that firms are physically located close to their source of raw material (milk) or close to the markets. Three of the firms (F1, F2 and F3) were located in industrial area where they benefited from policies governing the EPZ. These dairy processing firms were also located close to their markets in the capital Nairobi and its environs. Two of the firms (F4 and F5) were located in the milk rich rural areas where they source milk from. These firms cite the ease of sourcing for milk and their proximity to farmers as more beneficial and cost saving compared to maintaining cold chains which remains an expensive venture.

We also sought to understand the type of machinery used in production (refer to appendix II). Findings show that production equipment used by dairy processing firms was either semi-automated or automated machinery. The dairy processing firms with automated machinery used the machinery for processing as well as packaging while the semi-automated firms only use the machinery for the production process and they package manually using human labor. The firms with automated machinery (F1, F2, F3 and F4) were mainly the large firms and they reported increased production capacity and more dairy product output compared to the firms using semi-automated machinery. However, the levels of technological adoption varied from the large, medium and small firms. The large firms were highly automated with majority of them automating functions such as packaging and wrapping of the dairy products. Firm F2 which is large had also automated a quality system for checking and rating the finished product while another large firm (F1) had human labor for testing the quality of the products. All the dairy

processing firms had met the requirements to install and process milk through stainless steel production equipment. Stainless steel processing equipment is an industrial standard requirement as it is easier to clean, allows heat transfer and is stainless.

In appendix II of the study, we sought to find out the health standards and safety precautions in the premises and area of operations of the dairy processing firms. We hereby note that the dairy processing firms met the minimal standards set by the regulatory authorities. Safety gear, protective instruments, special attire for specific locations, fire safety equipment, floor hygiene, medical kits, aeration and lighting were all adhered to. Copies of the occupational health and safety policy were pinned at specific points in most of the processing plants.

4.3 Entry Strategies of Dairy Processing Firms into Supermarkets

4.3.1 New Product Development

Regarding the first objective on the entry and sustenance strategies of dairy processing firms into supermarkets, the study findings indicate that dairy processing firms employ NPD as a strategy of accessing the major and preferred retailing entities (supermarkets). New Product Development (NPD) as one of the strategies used in the entry process is variedly applied by small, medium and large dairy processing firms. Small dairy processing firms have active NPD strategies that are fixed on introducing a new product category for purposes of accessing supermarkets and broadening their income base. However, small dairy processing firms are mainly specializing firms that prefer status quo as they mainly produce unique high value products as cogently put by the firm below:

“Well you see so long as we have not received any complaints from customers, we are maintaining status quo. You see we are the only firm selling product X in this market.” (Firm F6, August, 2017).

Our study established that medium dairy processing firms also consider NPD as a strategy to penetrate supermarkets. These processing firms introduce new products such as fresh milk and bottled water for purposes of accessing supermarkets. They introduce new dairy products that are of quality, fast moving and have relatively lower production costs.

The large dairy processing firms have experience in NPD and have successfully launched a number of new products. Most of these dairy processing firms have penetrated the supermarkets but they seek to use NPD in expanding their market share and wading off competition. Large dairy processing firms have Research and Development teams/departments that lead NPD and seek to either improve the current products or invent new ones. Apart from R&D, large firms are keen to consider consumer feedback as an avenue of improving on NPD. The new products mainly target the refreshment and corporate markets as well as new geographical areas in the region and international markets where supermarket chains operate. Further to this, findings indicate that large firms seek to introduce new products that are long lasting and have a long shelf life (milk powder and ESL). Lastly, the study established that several large dairy firms (F1 and F3) of the dairy firms have NDP strategies targeting new products in the non-dairy product category (juice and water). These findings concur with studies by Suwannaporn and Speece, (2003) and Rudder et al., (2001).

4.3.2 Business Strategy

Literature indicates that a business strategy is a crucial aspect in the growth and survival of dairy processing firms (Johnson et al., 2008; Peace and Robinson, 2007). In line with this, dairy processing firms write business strategies where they outline strategies of accessing markets such as supermarkets. Our study showed that dairy processing firms had written business strategies. However, due to the sensitivity of the contents, dairy processing firms are cautious to discuss this subject and view it with pessimism especially the small firms. The medium sized dairy processing firms have well written business strategy hinged on expansion. Medium dairy processing firms seek to establish a country wide presence by 2018. One of the business strategies targets supermarkets, hypermarkets, dukas and wholesalers across the country. However, supermarkets are the main targets especially large supermarkets in every County. Due to competition, medium dairy firms seek to improve on standards and produce high quality products.

Large dairy processing firms have written business strategies which remain in the hands of senior management. Large dairy processing firms' (F3, F1, F2 and F4) business strategies address expansion plans where several firms seek to increase production. This involves modernizing the production equipment, relocation and expanding plant handling capacity, increasing product categories through R&D, and increasing the intake of raw milk from the farmers. Further to this,

the dairy processing firms have strategies to expand the market base either regionally or in the international market.

4.3.3 Markets and Marketing

We sought to find out the markets and marketing strategies of dairy processing firms (refer to appendix I). Findings indicate that dairy processing firms have a range of markets that include supermarket chains, wholesalers, distributors, agents and small shops. However, supermarkets are the preferred niche markets especially the big supermarket chains, followed by the second tier upcoming supermarkets. This finding corresponds with the study by Das Nair, (2017) which state that supermarkets remain the key route in marketing food products. Our findings indicate small dairy firms mainly target supermarket chains as well as small retailers such as shops. The geographical reach remains small and the dairy firms concentrate efforts on large supermarkets around the capital city and its environs. Medium sized firms on the other hand also prefer supermarkets and other retailers (shops, wholesalers) who come second in priority.

Medium sized firms have a wide geographical reach as they have penetrated other urban areas. The large firms have a mixed market as they have higher capacity to produce. These firms concentrate on a range of markets that include distributors, supermarkets, hotels, corporates and institutions. Most of these large dairy processing firms access big supermarket chains and therefore, they sought to expand supplies to other upcoming supermarkets as well as establish new markets. However, we note that all retailers are crucial for specific products though supermarkets with established outlets are more preferable for high value and fast moving dairy products. This finding corresponds to Srivastava et al. (2012) who argue supermarkets are preferred for FMCG. The dairy firms also segment supermarkets into three tiers with the top tier supermarkets (big four) having priority as they are crucial markets that take in higher product volumes. Some large dairy processing firms (F2, F4) use distributors to supply products to other retailers in the value chain. The large dairy processing firms have the largest geographical reach and three dairy processing firms (F1, F2, and F3) export to the regional and international retail markets.

In terms of marketing, our study established that small, large and medium dairy processing firms have different marketing strategies. Marketing strategies also target selected markets and this dictates the marketing strategy applied. Moreover, the varieties of dairy products are marketed to

their target markets through different strategies. Small specializing dairy processing firms dealing in premium products, concentrate on the middle and upper class citizens. Therefore, one-on-one marketing is preferred while dealing with supermarkets and per piece method of sales (products are sold per unit) is preferred. These marketing strategies are the avenues utilized to access and establish relations with supermarkets. The medium dairy processing firms on the other hand employ direct marketing strategies the marketing process. Direct marketing is conducted in supermarket chains as it enables personal contact and also flexible one-on-one negotiations with each supermarket.

Large dairy processing firms have varied marketing strategies. Findings indicate dairy firms in this stratum conduct advertisements on new and old media, set up bill boards and conduct CSR. Regarding new media, large firms have an online presence with websites and social media pages. The websites serve as information centers and marketing tools where large dairy firms advertise their products. Further to this, large firms have interactive social media platforms (Facebook page and twitter handle) where pictures, videos, promotional material and information are posted. These platforms offer chances for popularizing products and marketing the firm in the online community. They are also a symbol of a modern firm. These findings update the literature by Odondi (2001) DfID (2001) and Reardon et al. (2012) which fail to capture the fact that new forms of marketing are now in existence and dairy processing firms have more options and not only the licensed market channels.

4.3.4 Products

Dairy processing firms process a range of products in the quest to access supermarkets. Findings indicate that dairy processing firms seek to increase their product categories and also the variety of each category as this increases chances of success through accessing and penetrating supermarkets. Kariuki (2016) in her study indicated that increase in product variety positively influenced performance of dairy firms. The current study observes that dairy processing firms deal in high value products such as yoghurt, as these products fetch higher prices, while products that include fresh milk remain a prerogative of large dairy processing firms. This is by the fact that fresh milk is capital intensive, sensitive and has high competition. Further to this, the pattern shows that dairy processing firms are venturing into non-dairy products such as water, honey and juice which have success in entering supermarkets. Findings also indicate that small dairy processing firms strategically produce one high value dairy product especially in the fermented

category (yoghurt). This was by the fact that this category is easier to process and find markets in supermarkets if product quality is high. The steps for processing such products are readily accessible and easy to follow. The specialization strategy also allows for maximum utilization of available resources for firm operations and also allows for high quality dairy products that provide ease to market.

Medium dairy processing firms specialize in several value-added products in the fermented category as their main dairy products (yoghurt and lala). These dairy firms also have plans to introduce new products such as water and fresh milk as they are on a growth path. Large dairy processing firms on the other hand deal in a range of products from fresh, fermented, milk powder, butter, ghee, and cream. These firms' main product is fresh milk which record higher sales volumes compared to other products. The study established that high value products (value added products) have higher profit margins compared to other dairy products and therefore, large firms seek to increase the output volume of value added products.

4.3.5 Diversification

Diversification is yet another strategy used by dairy processing firms to access supermarkets. It was conceptualized in form of market and product diversification. The findings indicate that dairy processing firms were keen to diversify products as well as markets. Kariuki (2016) also indicated the same arguing that diversification of both products and markets improved performance. The study findings show that product diversification influences market diversification as firms with many products serve several markets. Small firms are keen to diversify their products as this is considered a way of satisfying existing markets and reaching new markets that remain unexploited or unsatisfied by the current bunch of dairy products. Findings also show that small dairy processing firms employ market diversification as a strategy. The firms seek to expand their markets and establish a foothold in new markets especially the large and upcoming supermarkets.

Medium dairy processing firms also have diversification strategies centered on increasing products as expanding the product range increases the chances of accessing new markets such as supermarkets. These dairy firms have however, been able to access supermarkets though they seek to improve their share of business with supermarkets across the urban areas in the country.

Large dairy processing firms have very active diversification strategies. The strategies target new products and also markets. The main products targeted in their diversification strategies are in the fermented, milk powder and fresh (ESL) categories. These dairy products are preferred as they have a longer shelf life and can therefore, be transported to distant places and preserved for long periods of time. With regards to market diversification, findings show that large dairy processing firms have strategies of penetrating the regional and international markets. Most of these firms supply dairy products to the neighboring countries and regional markets. Only one firm has fully penetrated the international markets and is supplying to other continents. Through product diversification these firms have strategically been able to capture new market especially supermarket chains in the region and internationally.

4.3.6 Packaging

Packaging as a strategy has been capitalized on by the dairy processing firms which consider various aspects of packaging in order to market their products. We note that supermarkets have little influence on packaging but they serve as lucrative channels of relaying consumer feedback on the packaging preference of consumers. Small firms' (F6) packaging strategy is centered on market requirements. The dairy processing firms through R&D and market research established consumers' preferred packaging material and design and adopted that to inform the strategy of using bottles. The packaging and branding design used by the small dairy processing firms is therefore, feedback from consumers as well as through supermarket channels.

Small firms have limited varieties of packaging but prefer the bottle which is cheaper and easier to stack and transport. The medium dairy processing firms (F5) package products in cups and bottles. This is strategically centered on the fact that markets are segmented and different clients prefer specific packaging quantities and designs. Therefore, medium dairy firms categorized packaging into two segments where the cups handle smaller quantities for the small scale consumers while bottles are for large quantity packages for 'executive consumers'. Findings indicate that the color and design of the package is also warm and friendly in order to attract consumers. Medium firms have adopted several packages that suit market requirements as well as their financial capabilities.

Large dairy processing firms strategically consider consumer feedback, R&D and have innovated ways of packaging for specific markets. These firms have a variety of packages for different

products under production. Our findings reveal that a specific product category has suitable packaging which aligns to handling, cost, transporting, refrigeration, storage, volume, safety, target market and longevity. Large firms including firms F1, F2, F3 and F4 however, try to strike a balance and adopt the most effective and efficient package. Trends show that firms are adopting either large or small packaging containers to suit the market needs. Further to this, the packaging material is gaining concerns due to environmental issues and dairy firms are adopting recyclable containers as they project full implementation of ecofriendly material. Also the packaging of product units while delivering to supermarkets is dictated by supermarkets as it eases stocking and delivery to supermarkets. It is from this that crates and cartons are used to deliver to supermarkets. Graf and Saguy (1999); Rudder et al. (2001) and Suwannaporn and Speece (2003) in their studies had noted that R&D and consumer feedback were crucial for new products. New products included new packaging tactic which this study found to be crucial for penetrating supermarkets.

4.3.7 Distribution system

With regards to the distribution system adopted by dairy processing firms, our findings indicate that small, medium and large firms have strategically tailored their distribution systems in various ways in the process of accessing supermarkets. Firm F6 relied on self-delivery as a strategy of distributing to supermarkets. Products are delivered at the supermarkets request. We noted that the dairy firm targeted large retail players and also upcoming supermarkets which have several branches. The findings indicate that damaged or spoiled products delivered to supermarkets are replaced at the cost of the dairy firm. Medium dairy processing firms (F5) also prefers self-distribution but hires distributors in case of excesses and emergencies. Medium firms prefer this strategy as it gives a personal touch to client supermarkets. It also ensures products reach supermarkets in good time and condition. For any damaged or spoiled dairy products, the firm replaces and writes a credit note to the supermarket. These findings on small and medium firms are echoed by findings of Muriuki (2001) who states that physical distribution increases sales. The findings oppose the case put up by Odondi (2001); DfID (2001) and Reardon et al. (2012) who argue that elaborate systems guarantee more sales.

The large dairy processing firms on the other hand have complex mechanisms of distributing dairy products. These firms combine self-distribution and contracted distributors or agents. Most of these firms have a wide geographical coverage and have a diverse market. This requires a

robust distribution network that these dairy processing firms complement with contracted distributors or agents. However, the agents are vetted and have to meet stipulated conditions before being contracted. Large firms (F1, F3 and F4) either have depots or warehouses in the big urban towns which serve as distribution points for agents or distributors. Odondi (2001); DfID (2001) and Reardon et al. (2012) address the distribution system and their conclusions on elaborate systems through distributors and cold chains clearly march findings regarding the large dairy processing firms. This study also found out that when it is cheaper to hire than self-distribute, then dairy processing firms contract distributors. However, these firms prefer self-distribution as it is more efficient and allows contact with clients.

4.3.8 Mergers and Acquisitions

The study found out that Mergers and Acquisitions are common with only the big dairy processing firms which have operated in the industry for a long period. Small and medium firms have not engaged in M&A. Three of the four large dairy processing firms (F1, F2, and F3) have either acquired or merged at some point. One of the firms (F3) acquired a small outfit and went on to make it one of the fastest growing dairy firms while another firm (F1) was acquired by new investors. M&A in these cases as this study found out was for purposes of increasing the asset base, injecting new capital, expanding production machinery, and gaining new market networks especially the powerful supermarket network. These findings correspond to the studies by Martinelli (1999) and Belik and Roseli (2002) who argue M&A serves to increase market networks. The findings also indicate new ideas on why dairy processing firms engage in M&A therefore, updating the literature and giving a case of firms in the Kenyan dairy industry.

The current study found out that dairy processing firms observe high levels of food safety attributes in order to gain entry into supermarkets. Supermarkets send inspection teams without notice to investigate and verify if food safety standards are adhered to. Health and safety regulations have also been mentioned in studies by Wang et al. (2008) who argue that supermarkets and food processing firms attract consumers based on their reputation for safe dairy products. Small dairy processing firms adhere to food safety attributes while processing. Medium and large dairy processing firms also observe the industrial health regulations as required.

4.4 Sustenance Strategies of Dairy Processors into Supermarkets

4.4.1 Organizational structure

Observations of our study indicate that the organizational structure of dairy processing firms is critical for keeping linkages with markets as well as shaping performance of the dairy firm. This partly correspond to the study by Davis et al. (2009) that shows balancing between too much and/or too little structure influences performance. Small dairy processing firms had lean organizational structures with very few (three) levels of organization that included director, manager and the operational staff. The small firms have sales and marketing personnel but strategically allocate every employee marketing duties. In this strategy all firm personnel double in as marketers. This reveals small firms have a fluid organization structure with flexible terms that require marketing to be a prerogative of every personnel. This is geared towards not only increasing sales and establishing contact with markets but also allowing personnel to maintain clients they establish contacts with.

Medium dairy processing firms are structurally organized into a hierarchical model with the CEO at the top, managers of departments (finance, sales and marketing etc.), supervisors then subordinate staff. The organizational structure is rigid with no overlaps in the allocated mandates. Therefore, marketing remains under the mandate of sales and marketing department who are charged with dealing with supermarkets. The large dairy processing firms have a broad and rigid organizational structure with clear non-overlapping mandates. Findings indicate large dairy firms have many departments which work autonomously with no overlaps in the mandates. Two of the large dairy processing firms (F3 and F2) had board of directors and a broader management team while the other two (F4 and F1) were headed by MDs and had lean management teams. However, the sales and marketing departments of two large firms (F1 and F3) have more personnel compared to other departments. In one of these firms (F1) the sales and marketing department had a HOD but the MD was also a head with a huge mandate in day to day sales and marketing activities. All the large firms (F1, F2, F3 and F4) had rigid structures with Sales and Marketing department charged with marketing duties especially with maintaining the current market networks as well as expanding the same. The large firm's organization structures had no specific concentrations on the supermarket chains like the case of small and medium firms.

4.4.2 Slotting allowance

Slotting allowance as a strategy emerges as a common practice in the dairy processing industry. It is informal in most cases but this is not the case with two dairy processing firms (F1 and F3) which have formalized these payments in written JBPs with supermarkets. Findings indicate that supermarkets have control over these payments but the arrangements vary from one dairy processor to the other. Small dairy processing firms specializing in a single, unique and high value premium product rarely pay slotting allowance to supermarkets. However, the intense competition in the industry plus the influx of new products is making slotting allowance a common practice for small dairy processors. Medium dairy processing firms also deal in high value and competitive dairy commodities. However, the need to secure strategically located shelves and space has pushed medium firms to pay slotting allowance as a strategy to secure gondolas. The funds are flexible depending on agreement between the firm and the supermarket involved.

Large dairy processing firms have also been strategically paying slotting allowance to supermarkets. However, two large dairy processing firms (F1 and F3) have formalized slotting allowance through a written JBP with supermarkets as put in the quote below:

“It is part of business. We do that a lot because we use JBP. Any firm that is trying to exist has to have this when. When you have a JBP you get a shareholding like you get 70% shelf space, you get paid within 30 days, you can place your fridges where you want. Ideally, when you give them more....If you give us 70% shelf space, if you pay on time you get an addition one percent. You give us 90% shelf space you get 3%. We have that with Naivas, Tusksys, Carrefour, Uchumi and Nakumatt. You must have that to stay afloat. Supermarkets get high margins but we also get to sell more.” (Firm F1, July, 2017).

The Joint Business Plan (JBP) stipulates the amount, period and secured shelf and/or fridge space. Further to this it stipulates the percentage discount large dairy processing firms offer to the supermarket for sales made. The findings also point out that slotting allowance varies according to need for extra and strategic space. Every supermarket also has a different amount which varies according to negotiations made in terms of the profit margins. One dairy processing

firm (F3) has set target sales for supermarkets and if the sales amount is achieved, then supermarkets get an extra amount. Some supermarkets charge a fixed amount of slotting allowance payable on monthly basis. It is however, worthy to note that slotting allowance remains secretive to most dairy processing firms and a prerogative of the management level. These findings correspond to conclusions of Hamilton (2012) who states these transactions have become normalized in some industries. The current study further corresponds to findings of Innes and Hamilton (2012) and Nadonde and Kuada (2017) who show in an oligopsonistic market slotting allowance works to the advantage of supermarkets as it reduces the profit margins of dairy processing firms.

4.5 Challenges faced during Entry and Sustenance of Dairy products into Supermarkets

4.5.1 Safety and health standards

Regarding the food safety and health standards governing business between dairy processing firms and supermarkets, the dairy firms concentrate on meeting requirements set by national regulatory bodies for instance KDB. Studies by Wang et al. (2008) and Malik et al. (2014) show the importance of these standards and how hard it is for processing firms to meet all these requirements. There is a variety of standards in the industry and these standards are highly observed by supermarkets. A case of noncompliance is considered fatal as supermarkets cannot procure from noncomplying dairy processing firms. Supermarkets send inspection teams without notice to investigate and verify if the standards are adhered to. Health and safety regulations include meeting the required standards of aeration, floor cleanliness, hygiene, grooming, and lab testing of raw and finished products.

Safety standards on the other hand include fire safety equipment and accident treatment kit. Small firms in the dairy industry consider these aspects in their operations and to a large extent these conditions have been extensively met. The medium dairy processing firms have also implemented the health and safety regulations as required by the KDB and other institutions such as KEBS. The firms also observe ISO certification requirements. In the health requirements personnel have medical certificates; wear special attire and boots in specific sections of the production process; personnel groom properly; firms observe high hygiene standards in the production premises; and lastly, firms test milk and products for harmful content like bacteria. In

terms of safety standards, the firms have put in place measures such as fire extinguishers and protective gear for the staff.

Large dairy processing firms also observe the safety and health standards set by industry and supermarkets. Dairy processing firms (F1, F2 and F3) pay milk suppliers according to quality of milk in order to ensure high quality standards. These firms ensure quality is met through a procurement policy that offers either bonuses or penalties. Further to this, these firms have labs for testing raw material and finished products for bacteria, antibiotics and aflatoxin. Results are periodically complimented by tests from external labs. Large dairy processing firms observe both national and international food safety standards for instance HACCP procedures and other standards controlled by KAM, KEPISA, KEBS, EAN, COMESA/EAC, Halal and FKE. The large dairy processing firms check for quality assurance starting from the raw material stage till the end point of finished dairy products. Firms F1 and f2 have internal (in-house) quality assurance team and/or department charged with general hygiene and quality control of products.

Lastly, qualified inspectors, executive chefs, and concerned authorities inspect production facilities. Inspection records are kept to keep track of the inspections. Food safety standards are highly emphasized for instance personal and premise hygiene, safety kit, proper aeration, treating waste before disposal, cleaning with detergents and sanitizers, having working attires and gears committed to specific duties and locations and cleaning production equipment are highly observed. Several large dairy processing firms have or are in the process of acquiring ISO certification. There are also signs around the premises indicating the respective potential hazards.

Large processing firms (F1, F2 and F3) observe international and national regulations owing to the fact that they export to the international and regional markets. Lastly, certification and inspection processes as required under the Dairy Industry Act Cap 336, Dairy Industry Regulations 2017, Industrial regulations of 2017, Standards Act Chapter 496, Food Drugs and Chemicals Substances Act Chapter 254, and Public Health Act Chapter 242 are highly followed. Adherence to these regulations and requirements is enforced by institutions whose quality officers raid supermarkets to ensure they don't procure and sell uncertified dairy products. The main challenge remains the many number of regulations and regulatory bodies which according to several dairy firms, has become expensive to maintain and adhere to. Further to this, some dairy processing firms are favored and application of regulations is not uniform.

4.5.2 Imports and exports

Findings indicate imports and exports have an impact on the dairy industry. Importation of dairy products by supermarkets affects the sales of domestic dairy processing firms and challenges their performance. This has also been proven through a study by Das Nair (2017) that shows imports by supermarkets affect the domestic food processing firms of a country. On the other hand, dairy processing firms import raw materials and equipment which is of industrial benefit.

Small dairy processing firms have little capabilities of sourcing raw materials from regional and international markets and therefore, procure from domestic market. Also small dairy processing firms' products do not face competition from the dairy product imports by supermarkets. This indicates that supermarkets do not import products produced by small dairy processing firms. With regard to exports, small firms concentrate on meeting domestic demand and have no financial and production capacity to produce for export. Therefore, they have no export challenges. Medium dairy processing firms do not import raw materials neither are there dairy products in Kenyan supermarkets that compete with medium dairy processing firm's products. Therefore, these firms do not face challenges from supermarket imports of dairy products. Also, medium dairy processing firms do not export any products and just like small firms they concentrate on the domestic market only. This shows these dairy firms suffer no export challenges.

Two large dairy processing firms (F1 and F2) face competition from supermarket imports of dairy products. Firm F2 deals in powder milk which is also imported by supermarkets from external markets while firm F1 produces lactose free milk which some supermarkets also import. Such imports by supermarkets challenges sales volumes of firm F1 and F 2 as the imported products are cheaper due to lower production costs and government subsidies in their country of origin. On the other hand large dairy processing firms import some raw material and production machinery from abroad as local manufacturers have limited capabilities to supply large quantities of raw materials and machines. Most of these firms have advanced processing machinery which has to be imported from countries such as India, China and Europe at a high price due to high import levies and regulations.

Three large dairy processing firms (F1, F2 and F3) export dairy products to the regional and/or international markets. Findings indicate that a large percentage of the exported dairy products are

value added products such as long life milk, creamery butter, cream milk powder, skimmed milk powder, ghee, and cheese. Firms F1, F2 and F3 export to regional markets in neighboring countries such as Tanzania, Uganda, Rwanda, Somalia and Sudan. These countries have lesser developed dairy industries but they present a challenge as dairy product prices are cheaper compared to products Kenyan dairy firms export. Firm F2 exports to the international market to countries in the West, South of the African continent (Burundi, DRC, Zambia) and also the Middle East (Oman, Qatar). The firm states that non-tariff barriers (packaging, content recipe, quantity, labeling) are a major stumbling block. The large firms (F1, F2 and F3) are also challenged by the different country specific standards (bacteria load, quality) which complicate bulk production of export products to fit the varied standards set by different countries. McCormick et al. (2013) in the SAFIC background paper echoes the findings of this paper by stating that manufacturing firms exporting to other markets must adhere to not only the Kenya standards but also phytosanitary regulations of the countries they export to.

4.5.3 Trade credit

Trade credit is a common practice in the relations between supermarkets and dairy processing firms. However, it poses a huge challenge in the relations between these two actors in the value chain as stated in the studies by Nadonde and Kuada (2016). Findings indicate small firms sign a contract with supermarkets where they emphasize adherence to the terms of payment including a grace period of forty five (45) days. However, supermarkets abuse the terms stipulated in the contract and small firms have to balance accounts between the creditors and debtors in order to remain afloat and operate optimally. A supermarket such as Nakumatt which is undergoing a financial crunch has huge debts and currently has special arrangements with small dairy processing firms such as firm F6, where the retailer is paying debts periodically as indicated in the quote below:

“We have agreements maybe payment terms between 30-45 days. So we try, we with our creditors and we with our debtors try to abide. So at least 45 days. When we are owed we try strike a balance. With Nakumatt we have special arrangements where they pay after 2-3 months.” (Firm F6, August, 2017).

Medium dairy processing firms (F5) also allow trade credit and the terms are stipulated in tailor-made agreements between the dairy firm and various supermarkets. However, supermarkets

especially the large ones have a tendency to exceed the agreed upon payment timelines which affects the cash flow of the firm with huge impacts on payments to supplies and acquisition of production material and instruments.

Large dairy processing firms (F1, F2, F3 and F4) also take trade credit. Firms F1 and F3 have crafted Joint Business Plans (JBP) with supermarkets that stipulate payment period within which payments are made after the delivery of products. The large dairy firm's grace period varies between 15-60 days. However, firm F3 has a fixed period of 30 days but also uses a credit cap of 20 million KES credit limit from which the supermarket has to pay three-quarter of the debt for any further supplies to be made. Firm F4 requires a bank guarantee before allowing trade credit services with supermarkets. The large dairy processing firms are strict with the credit terms as credit backlogs brought by supermarkets stifle firm operations. Findings however, indicate that at times special privilege is given to large supermarkets for instance Nakumatt which is allowed a longer grace (60 days) period due to its current financial situation. Further to this, large dairy processing firms such as F1 and F3 allow tailor made arrangements for specific supermarkets based on negotiations. However, this is highly discouraged as big supermarkets are powerful in the dairy product value chain and have a tendency for noncompliance with payment agreements. This has made dairy processing firms result to binding contracts especially with the current unstable supermarkets (Uchumi and Nakumatt). If the contracts are abused, supermarkets face litigations.

4.5.4 Legal certificates

Legal certificates needed for operation of dairy processing firms are also a challenge in the industry. Das Nair (2007) identifies legal requirements as a challenge to interactions with supermarkets. These standards include Business registration, Tax compliance, Pin number, Registration, Memorandums of understanding, and Articles which are enforced by institutions such as KDB, KRA and KEBS. Findings indicate that obtaining and renewal of such certifications has resource constraints (time and finance). Though the constraints are considered marginal, they have a bearing on the cost of doing business. Firm F6 indicated that business is threatened by the direct and indirect cost of obtaining certificates. Complying with all the certifications may be impossible at one point but small firms meet the minimal conditions required for production. Firm F6 is quoted to state that:

“Requirements are quite a number so that is a challenge for a startup.....preparing such documents takes time and needs finances. It might be very tricky.” (Firm F6, August, 2017).

Medium dairy processing firms have all the legal certificates needed for operations in the dairy sector. However, firm F5 indicated that the financial and logistical requirement for some certificates is demanding and adherence is a daunting challenge. The firm indicated that some periodic inspections and certifications need to be reduced as they have no substantial value to the industry. Findings indicate large dairy processing firms observe the standards needed for operations and are therefore, certified. Firms F2 and F3 indicated obtaining legal certification is rather easy. The certificates concern activities such as imports, exports, registration, tax, cess, licenses to the management team, food and safety permits etc. Further to this, short term and or periodic certification of inspection of premises, equipment and machines are met. However, the main challenge is the difference in requirements by Counties before certifying operations of the firms in these diverse Counties. These requirements have financial attachments payable to the County authorities.

4.5.5 Trade promotions

Trade promotions have been cited as crucial links that aid dairy processing firms to sustain their products in supermarkets. Nandonde and Kuada (2016) argue that supermarkets choose and retain supermarkets based on this aspect. Findings indicate trade promotions are mainly conducted with large supermarkets as they have space and deal in competitive products such as fresh milk. Big supermarkets such as Nakumatt, Tusky's and Carrefour were cited as common partners. However, with Nakumatt in a financial crisis and Carrefour's few outlets, trade promotions with supermarkets have financial effects on the dairy firms.

The study found out that small dairy processing firms do not conduct trade promotions with supermarkets as they deal in specialized products. Specialized firms like firm F6 deal in unique products and do not engage in trade promotion activities as supermarkets have no alternative to their premium dairy brands as indicated in the quote below:

“No we don't, you see a large firm like Y is a big player and they have finances for that. Then they are coming into a competitive market with many brands of

product K. But when you check for firms doing our product, I don't think you will find in Kenya. We are specialized.” (Firm F6, August, 2017).

The study found out that medium dairy processing firms do not undertake any trade promotions. Firm F5 cites the costs involved as huge while their products are of high quality and need no promotions. This has made trade promotions a non-beneficial and a burden to dairy processing firms. Three large dairy processing firms (F3, F2 and F1) engage in trade promotions with supermarkets. Terms of engagement for such activities are stipulated in either JBPs or agreements and supermarkets have to make prior requests. However, the timings for trade promotions vary. Firm F3 carries out trade promotions with supermarkets opening new branches (an extra product is gifted if consumers buy a specific number of dairy products/tasting/selling at low costs) or when a new product is being launched. Further to this, data indicates that the dairy firms cater for the largest percentage of costs while conducting trade promotions as supermarkets provide mainly space. Trade promotions are also challenging in that the formal negotiations and contracts among other subtle issues involved are cumbersome. Lastly, the cost of launching and creating product awareness on a new dairy product is high. This has been further exacerbated by the fact that supermarkets offer little help in footing such costs. This finding echoes the conclusions of Srivastava et al. (2012) who found out that processing firms pay for promotions as well as administration fees to supermarkets.

4.5.6 Private standards

Supermarkets as powerful clients in the dairy product value chain have private standards exclusive to each supermarket. Dairy processing firms have to try and meet part of these exclusive preferences. Such private standards have created market differentiation where different supermarkets may request tweaking of products, paying debts after certain periods, religious requirements, and specific product delivery hours. Das Nair (2017) alludes to the fact that private standards constrain the business interactions of processing firms and supermarkets.

Small dairy processing firms observe most of the private standards required by supermarkets. The private requirements are useful to small dairy processing firms as they ease trade relations with big supermarkets. The big supermarkets have more standards than the small and medium supermarkets. Therefore, small dairy firms have been forced to adapt to requirements that range from packaging in specific bunches, conducting delivery at specific times and use of cartons or

crates when delivering. Findings indicated that medium dairy processing firms adapt to some supermarket private standards. Firm F5 indicated private standards represent changes in the industry and firms have to evolve with these requirements. However, these requirements have a cost effect with financial implications on the dairy processing firms.

Large dairy processing firms have mixed results. Some fulfill private standards by a specific supermarket or groups of supermarkets while others do not. The literature cited in previous studies (Das Nair, 2017), are hereby challenged as findings of our study indicate that supermarket private standards are not a challenge for the operations of all dairy processing firms especially large ones. Firms F2, F3 and F4 indicated that dairy firms dominate in terms of products which are of high quality and are fast moving. Therefore, it is the role of the dairy processing firm to set the pace for supermarkets to adapt to as the product brand guarantees sales. Our study findings positively compare to Das Nair's (2017) conclusion that supermarket private standards have a negative effect on the cost of doing business as well as the profit margins especially of the small and medium dairy processing firms. The standards increase the cost of dairy products and also limit the penetration of new products into the supermarkets chains as illustrated in the quote below:

“Supermarkets have no say and cannot dictate to the company what they want because you see there are many companies supplying so they cannot tell companies what they prefer. We give them a sample which after they approve they sell the product as it is because also the consumers want the same product from every supermarket.” (Firm F3, September, 2017).

Firm F1 obliged to private standards and this helped in staying in business as corresponded in the quote below:

“Private standards make you change like when Carrefour came on board, they came with standards for fresh milk....you have to take products to them by 6:30 A.M. We have Naivas which says you cannot supply dairy products after 9:00 A.M. It's a matter of change to suit their needs. Supermarkets are our key customers so you don't adjust you lose.”(Firm F1, July, 2017).

4.5.7 Own Labels

The current study found out that “own labels” are a challenge to dairy processing firms. Small dairy processing firms do not suffer any effects due to supermarket own labels. Small firms cannot meet this requirement as these dairy firms have brands to market and cannot therefore, brand goods with private supermarkets labels. This would be counterproductive to the firm’s growth objectives. Medium firms do not produce own label dairy products for supermarkets but rather concentrate on selling their own brands. Large dairy processing firms have mixed results. Firm F1 and F2 are flexible and customize some dairy products for supermarkets. Firm F3 confirmed own labels do not have an effect on already established dairies in the industry. Most dairy processing firms have participated in own label branding contracts with supermarkets but the practice is discouraged as supermarket brands may overshadow dairy firms’ product brands in the market. Therefore, own label contracts have to be strategic to the branding and income of the dairy processing firm. The only lucrative own label branding to dairy processing firms include the government school milk program. These findings if applied to the small and medium dairy processing firms correspond to studies by Srivastava et al. (2012) that argue own label has penetrated the food industry but they are a challenge to processing firms. Large dairy processing firms are also affected and this can clearly be shown by the fact that the large dairy firms only participate when their brand and income are not compromised.

4.5.8 Bureaucracy

The study established that dairy processing firms face bureaucratic processes and red tape in the supermarket chains especially when finding markets for new products. The power of supermarkets in the supply chain makes it hard to determine the selling price of dairy products as supermarkets seek to squeeze prices to their advantage. Dairy firms have to negotiate for high supply prices and therefore finding a balance has always been contentious. It was also established that many supermarkets have limited floor space and gondolas to stock dairy products which are highly perishable and require cooling facilities. Therefore, negotiating and attaining space and refrigeration facilities among competing dairy processing firms remains a challenge.

4.5.9 Export market price challenges

Large exporting dairy processing firms (F1, F2, and F3) face price challenges in the regional and international markets. We were able to establish that these markets have low prices as the cost of

production in Europe and the East Africa region are lower compared to Kenya. This means Kenyan products are more expensive and not price competitive. Further to this, prices in these markets are controlled by products from other countries making Kenya a minor player in setting costs of products. High taxes and levies increase the prices of dairy commodities making them in-competitive in the regional and international markets. Currency fluctuation and sporadic markets make the export strategies to these markets complex and ever changing.

4.5.10 Supermarket crisis

The current study established that Kenya's retail sector is currently experiencing a crisis. Two large supermarkets are on a downward trend and are experience financial crisis. This has affected the volume of dairy products sold and subsequently, the returns of all dairy processing firms supplying to these supermarkets. Second tier supermarkets on the other hand, are either small, non-automated, scattered, and take small volumes of dairy products. This not only brings in little income but presents complications while following up payment and distributing dairy products.

4.5.11 Other challenges

Our findings also indicate that dairy products are highly perishable and require ready markets in order to guarantee timely sales. Therefore, small dairy processing firms experience huge challenges in terms of sales as they must make sure products are moving fast. Further to this, small firms are limited by fact that refrigeration space and cooling facilities to stock products is scarce and must be paid for. On the other hand, procuring fridges for stocking products at supermarkets is an expensive venture that small dairy processing firms cannot manage.

Medium dairy processing firms face high competition as their products are produced by other dairy firms in the industry. This makes the market very competitive as large dairy processing firms have more advantages compared to medium dairy processing firms. Another challenge faced by medium dairy firms in accessing the market includes requirements of new markets. These requirements may include new standards that force dairy processing firms to adjust in order to meet basic rules of trade. Such changes have cost implications on dairy processing firms as they increase operational costs. We also established that large dairy processing firms sell their dairy products higher than average prices. This challenges their penetration into the lower economic classes. Another challenge is electricity and labor costs which are deemed high in the dairy industry. Large dairy processing firms face challenges related to determining prices of

dairy products. These firms engage in price wars waged in order to win over markets. Political instability in the region limits access and trade with regional supermarket chains. Lastly, the agents who supply dairy products have little capital and are therefore, not capable of efficiently engaging in meaningful business.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion and recommendations of our study. It gives a brief summary of the study as conducted, conclusions as derived from the main findings and lastly, recommends actionable steps to dairy processing firms and also the industrial regulating authorities such as KDB based on the findings of the field work. The chapter will also suggest possible areas of further research.

5.2 Summary

This study revealed that the entry strategies used by dairy processing firms into supermarkets include written business strategies, New Product Development, market and marketing, products distribution chains, diversification (market and product), packaging, Mergers & Acquisition, and food safety strategies were crucial when gaining entry into the supermarkets.

Our study revealed that New Product Development as an entry strategy is highly valued by large and medium dairy processing firms. These findings echo conclusions of Hollingsworth (1994); Rudder et al., (2001) and Suwannaporn and Speece (2003) who allude to the value of NPD. New products are mainly in the form of new flavors for dairy products, long shelf life products and non-dairy products such as water, honey and juice. On business strategies, the study established that dairy processing firm's value written business strategies and most of the strategies seek to improve the production aspect of dairy processing firms and expand market share. Market and marketing strategies are important in the entry process. Dairy processing firms concentrate on expanding sales to supermarkets they supply products to and also the upcoming second tier level supermarkets. Findings establish that large dairy processing firms use varied marketing strategies including advertisements and use of new media (twitter, Facebook) to popularize their products and access supermarkets. Regarding product diversification strategies, our findings reinforce Kariuki (2016) who also studied diversification. We established that the range of products of a dairy processing firm was crucial in gaining entry into the supermarkets and the firms are keen to diversify volumes of value added products as it has a positive influence on accessing supermarkets.

This study revealed that distribution strategies are applied by dairy processing firms in varied ways while entering supermarkets. We noted that small dairy processing firms distribute through self-delivery, medium firms conduct self-delivery but hire distributors in case of excesses while the large firms conduct self-distribution and at the same time contract distributors. This observation was also made by Muriuki (2011) through his study on physical distribution. However, our study segments that firms and elaborates the practice of each category. Large dairy processing firms contract distributors in cases where it is cheaper than self-distribution. Our study also established that Mergers and Acquisition strategies helped in gaining entry into supermarkets. Some of the large dairy processing firms had strategically merged or acquired another firm in order to benefit from among other things, entry into the supermarket network.

Regarding sustenance strategies used by dairy processing firms into supermarkets, literature by Davis et al, (2009) and Hamilton (2003) showed that organizational structure and slotting allowance were crucial sustenance strategies for dairy processing firms. Dairy processing firms have varied organizational structures for keeping linkages with supermarkets. Small firms have lean and flexible organizational structures that allow personal contact and sustenance of supermarkets by personnel who establishes contact. This study also revealed that slotting allowance as a strategy is a common industrial practice and supermarkets have control over these payments. The amount and payment period vary among dairy processing firms depending on negotiations. The case of small specializing firms differs with findings of Nadonde and Kuada (2016) which report firms pay slotting allowance. Some large dairy processing firms have formalized slotting allowance through JBPs while others maintain it as informal. Slotting allowance varies according to need for extra and strategic space. A key finding established our study indicates slotting allowance serves as both an entry and sustenance strategy for dairy processing firms.

On the challenges dairy processing firms face during entry and sustenance into supermarkets, we established that small, medium and large dairy processing firms face different challenges. On food health and safety standards, our study established that supermarkets strictly check for dairy processors who have met both supermarket and industrial standards. Therefore, dairy processing firm's main challenge is the number of regulatory bodies and regulations which are expensive to

maintain and adhere to. Further to this, we revealed that there is favoritism in the dairy industry as large dairy processing firms are favored by government regulatory bodies.

The study established that dairy processing firms experience challenges while dealing with dairy product imports. Findings show large dairy processing firms face challenges from supermarket selling imported dairy products such as lactose free milk and powdered milk which are cheap and therefore, affect sales volumes of domestic dairy processing firms. Another challenge is trade credit which our study revealed is a common practice in the relations between supermarkets and dairy processing firms. Dairy processing firms complain of delays in payment of credit. However, dairy processing firms, at times negotiate flexible arrangements for specific supermarkets though this is highly discouraged as big supermarkets are powerful in the dairy product value chain and have a tendency for noncompliance with payment agreements. Trade promotions also pose a financial challenge to dairy processing firms. Large dairy processing firms engage in trade promotions stipulated in JBPs with supermarkets however, the cost of trade promotions are solely met by dairy processing firms.

Supermarket private standards pose a challenge to dairy processing firms. Our study indicates that supermarkets are powerful and dairy processing firms have to cede to part of the demands which vary from supermarket to another and therefore, create a differentiation that disadvantages dairy processing firms doing business with supermarkets. Small and medium dairy processing firms are affected by supermarket private standards as they adhere to some if not all the standards. Large dairy processing firms on the other hand, have mixed findings as some are not challenged by the private standards as they produce fast moving high quality products. The current study also established that dairy processing firms concentrate on promoting their brands and discourage producing 'own label' dairy products for supermarkets. However, large dairy processing firms are flexible and they have at one point customized dairy products for supermarkets though the practice is highly discouraged since firms first and foremost seek to promote their brands.

Lastly, there is a supermarket crisis with two large supermarkets experiencing financial crisis. Nakumatt and Uchumi are undergoing a downward trend and due to their previous intake capacity for dairy products, the current downward trend has affected the financial flow, volume of products and consequently the returns of dairy processing firms.

5.3 Conclusions

The current study concludes that entry and sustenance strategies of dairy processing firms are important in the relations between dairy processing firms and supermarkets. Entry strategies including NPD, distribution systems, diversification (market and product), packaging, Mergers and Acquisition, written business strategy, market and marketing, products and safety and health standards are critical in the process of gaining entry. We therefore, conclude that dairy processing firms employ various strategies either solely or concurrently in order to access and/or retain their products in supermarkets. This is supported by Upadhyaya and Wamalwa (2017) who conclude that firms combine strategies in order to cope in the volatile business environment. We conclude that these strategies are integral strategies to dairy processing firms especially to those seeking entry into the highly competitive supermarket chains. Dairy processing firms applied these strategies differently to their advantage for purposes of gaining an edge over their competitors.

The study also concludes that the organizational structure of a dairy processing firm is an important factor in the sustenance of dairy products in the supermarkets. However, both the hierarchical and egalitarian styles of organization used by the dairy processing firms successfully aided in sustaining the dairy products in the supermarkets. On the strategy of slotting allowance, our study revealed this strategy positively influenced sustenance of products in the supermarkets. The study also noted that slotting allowance serves as both an entry and a sustenance strategy for dairy processing firms into supermarkets.

Dairy processing firms face challenges during entry and sustenance of their products into supermarkets. The study concludes that small, medium and large dairy processing firms face different challenges while dealing with the large supermarkets but some challenges manifest in either two or one category. Small dairy processing firms are challenged by trade credit, supermarket bureaucracy, legal certificates, private standards, health and safety standards and also market challenges; medium dairy processing firms are challenged by trade credit, legal certificates, supermarket bureaucracy, private standards, health and safety standards and trade promotions; while the large dairy processing firms are challenged by dairy product imports, trade credit, trade promotions, supermarket bureaucracy, non-tariff barriers and other market

challenges. All dairy processing firms are currently facing challenges brought by the current supermarket crisis being experienced by two of the large supermarkets in Kenya.

5.4 Recommendations

5.4.1 Dairy processing firms and Supermarkets

This study recommends that small, medium and large dairy processing firms should automate their distribution systems and synchronize it to the supermarkets procurement system. The automated and synchronizes system between these two actors would be useful in alleviating the loopholes present during returning of damaged and/or spoilt dairy products from the supermarkets. The study established that within the distribution system of dairy processing firms, is a return policy that is not transparent and accountable and therefore, both supermarket and dairy processing firm's personnel exploit this to fleece the enterprises. Automating the distribution system of dairy processing firms would reduce chances of fraud and losses. Moreover, automation of these systems would help in monitoring sales, finding out stock availability and determining when to supply dairy products to supermarkets.

Marketing strategies of the dairy processing firms, especially the small and medium dairy processing firms, should expand to include modern forms of popularizing products such as websites and new media. The websites should be complimented with social media platforms such as Facebook and twitter which are effective in product awareness activities such as online marketing, advertising and conducting promotions. Use of media and specifically new media as a marketing strategy of dairy processing firms should be conducted in conjunction with supermarkets as they are the main channel of dairy products.

This study revealed that the packaging of dairy products is informed by consumer feedback as well as through R&D. However, current trends show that the packaging material used by dairy processing firms continues to elicit debate as the material is not environmentally friendly. Also current regulations governing use of plastic may have an effect on packaging in future. It is in light of this that we recommend that dairy processing firms adopt packaging material that is either biodegradable or recyclable. A gradual adoption of environmentally friendly packaging material will eliminate possible future industrial shocks if environmental policies regarding packaging are implemented.

Regarding trade credit, this study notes that there is no clear framework governing the payment of debts to dairy processing firms by collapsing supermarkets. The available channels include litigations against the collapsed or cash flow struck supermarkets. Therefore, we recommend that dairy processing firms, national regulatory bodies and other national authorities develop sustainable frameworks that protect both the dairy processing firms and supermarkets in case of cash flow problems or bankruptcy as huge debts owed to dairy processing firms have curtailed their growth especially the small and medium firms. Further to the above, supermarkets as powerful actors in the dairy product value chain have to be regulated in terms of debt ceiling. The amounts of debt owed to suppliers by the supermarkets at any one point should be regulated through setting a cap. This will go far in alleviating the unsustainable debts accumulated by the supermarkets.

5.4.2 Kenya Dairy Board

The Kenya Dairy Board (KDB) as a dairy industry regulatory body is a critical authority with the ability to affect the relations between dairy processing firms and supermarkets. We recommend that the KDB regulates importation of dairy products especially lactose free milk and milk powder which threatens domestically produced dairy products especially by the large dairy processing firms. Importation of these two dairy products has affected the penetration of Kenyan processed dairy products from mainly the large dairy processing firms which have the ability to produce these products. The regulations may concentrate on increasing of import duty of dairy products or implement an embargo on these products.

Secondly, this study noted that the cost of production in Kenya's dairy industry is higher compared to the region. This therefore, means Kenya's dairy products are not price competitive in the regional market as they are more expensive than products from other countries. The study recommends that the government through the dairy regulatory bodies either subsidizes or reduces import duties on raw materials and instruments of production for dairy processing firms. If this is implemented, dairy processing firms especially the large ones that are already exporting to regional and international supermarkets, may flexibly reduce the costs of dairy products and therefore, make the regionally and internationally exported dairy products price competitive without compromising on quality.

The findings of this study also point to the fact that there is favoritism in the dairy industry. The enforcement of regulations and standards within the industry may vary depending on whether a firm is small, medium or large. In this case the large dairy processing firms are favored and some were foretold of industrial regulations before implementation to enable them implement before their competitors. This practice should be regulated by the KDB and there should be uniform application of regulations and standards in the dairy industry. It is through this that a level playing field will be created to promote transparency and ethical competition.

In terms of the market, the study noted that the regional market remain unexploited by Kenya's dairy processing firms especially the small and medium firms who specialize in value added dairy products. To this end, national authorities such as the KDB should create avenues such as international fairs and exhibitions to show case these firms' high quality products to regional supermarkets. This will popularize the products of specializing small and medium dairy processing firms and grant them an opportunity to find supermarket chains in the regional where they can export high quality dairy products.

5.5 Recommendation for future research

The current study focused on the entry and sustenance strategies employed by dairy processing firms into supermarkets. The study limited its investigation to the large supermarket chains only. However, useful insights learned from the inquiry show the growth and increasing prominence of second tier supermarkets especially in the current financial crisis that characterizes two of the four big supermarket chains. The growing importance of second tier supermarkets as useful retailers especially to dairy processing firms shows the need to expand academic inquiry and investigate these supermarkets. Therefore, future studies should involve the second tier supermarkets and investigate which strategies dairy processing firms apply to access and sustain their products in the second tier supermarkets.

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APPENDICES

Appendix I: Case Study Guide

My name is Vincent Mugo, a post graduate student at the Institute for Development Studies, University of Nairobi. I am conducting an academic study on the *Entry and Sustenance Strategies of Dairy processing firms into Supermarkets in Nairobi County*.

Your dairy processing firm has been selected for participation in this study. I would appreciate if you grant me 50 minutes of your time for an interview session. The information you give in this interview is confidential and will be used for academic purposes only.

A. Basic Details of Respondent

Name: _____ (optional) Date: _____

Sex: M F

Age: 20-29 30-39 40-49 50 and above

Education level: Non O/A level Certificate Diploma Degree

Position: Managerial Head of Department Head of specific Operations

Other

Years served: 0-3 4-6 7-9 10 and above

B. Characteristics of Dairy Processing Firm

Name: _____

Years in operation: 0-3 4-6 7-9 10 and above

Number of employees: Below 49 50-99 Above 100

Size of firm: Large Medium Small (Tick where appropriate)

C. Entry Strategies of Dairy Processing Firms into Supermarkets

1. Which type dairy products does your firm produce?
2. Which markets does your processing firm supply dairy products to?
3. According to sales volume, how do you rank your products in order of importance?
4. Does your firm have a specific business strategy?
5. What is your new product development strategy?
6. Does your firm have a distribution chain for products to supermarkets? How are damaged/spoilt products handled?
7. Does your firm have a diversification strategy?
8. What is your packaging strategy? Does it influence doing business with supermarkets?
9. Has your firm been involved in any Mergers and Acquisitions?
10. What food safety regulations do you observe while processing?

D. Sustenance Strategies of Dairy Processing Firms into Supermarkets

11. How is your firm's organizational structure planned? Does it help in terms of dealing with supermarket?
12. Are you aware of slotting allowance? Does your firm pay this money to supermarkets?

E. Challenges Faced by Dairy Processing Firms during Entry and Sustenance into Supermarkets

13. What challenges do imports by supermarkets have on your firm?
14. Does your firm import any inputs used for production?
15. Does trade credit to supermarkets have any effect on your firm?
16. What challenges does legal certification present to your firm?
17. Do you engage in trade promotions with supermarkets? How does it affect your firm?
18. How has food safety standards affected processing in your firm?
19. Do you export to supermarkets in the regional market? Which strategy did you use to get into these markets?
20. What challenges have private standards in supermarkets brought to your firm?
21. Has the introduction of 'own labels' affected your business?
22. Does your firm have any challenges in finding markets for dairy products?

THE END

THANK YOU FOR PARTICIPATING IN THIS STUDY

Appendix II: Observation Schedule

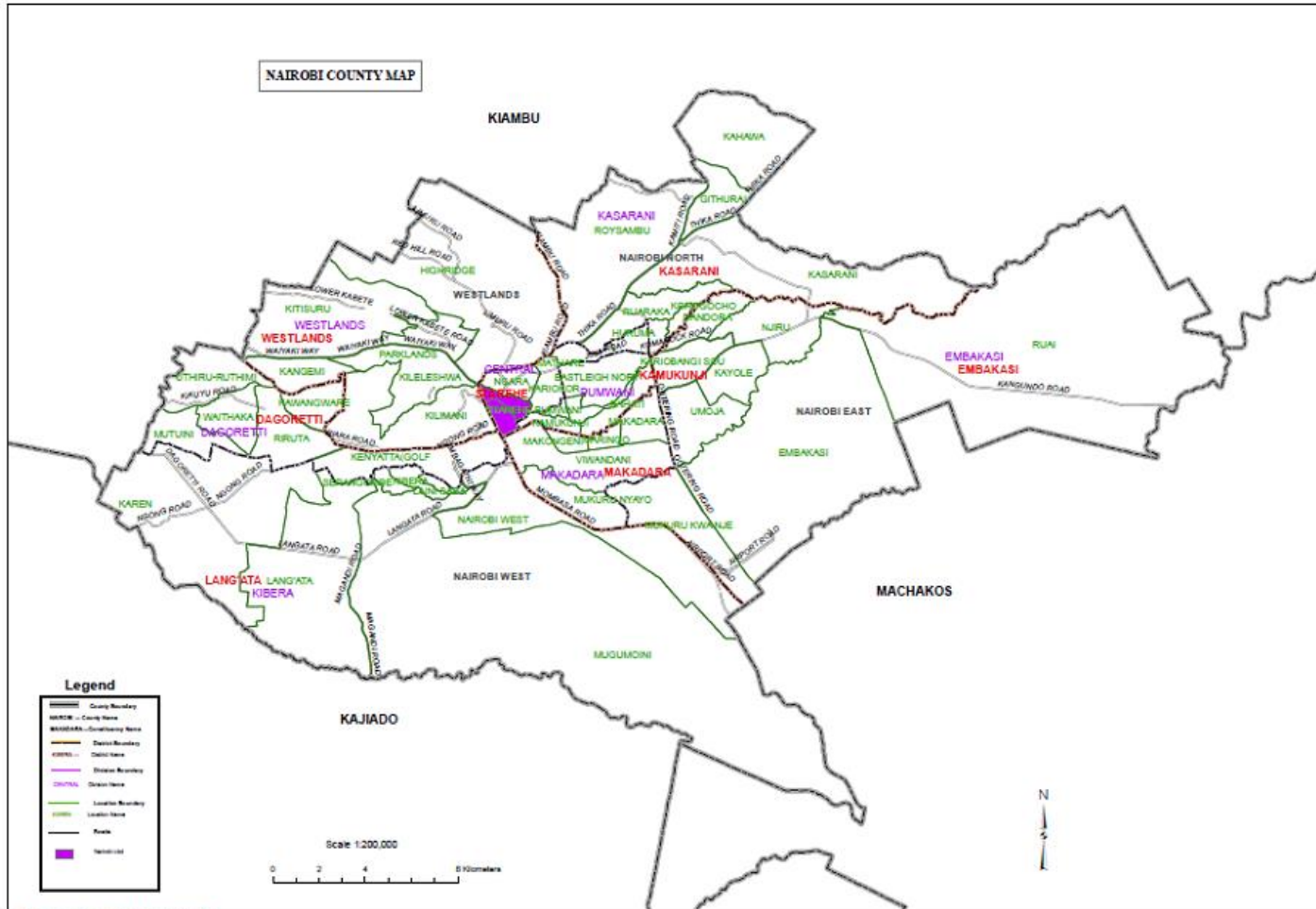
Question	Comments
Where is the dairy processing firm located? (physical area, proximity to market, proximity to source of raw material)	
What is the layout of the processing firm? Physical (arrangement and organization of facilities).	
What type of production equipment is the processing firm using? (Technology, automation, building material).	
What certificates are on display in the firm? (health cert, permits, KEBS etc.)	
What type of safety gear are the workers using? Any safety precautions in the firm?	
What health measures has the firm put in place? (dressing, handling equipment, handling raw material)	
Does the firm have distribution outlets in close proximity?	

Appendix III: List of Dairy Processing Firms that Participated in the Study

1. Bio Food Products (Nairobi County).
2. Kinangop Dairy Limited (Kiambu County).
3. New Kenya Co-operative Creameries Limited (KCC) (Nairobi County).
4. Orchards Limited (Nairobi County).
5. Sameer Agriculture & Livestock Limited (SAAL) (Nairobi County).
6. Wimssy Fresh Dairy (Kiambu County).

Appendix IV: Map I

Map of Nairobi City County



(Nairobi City County, 2014).