

**THE INFLUENCE OF COMPETITIVE ADVANTAGE STRATEGIES ON
PERFORMANCE OF INTERNATIONAL FAST FOOD FRANCHISES IN
NAIROBI, KENYA**

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DECLARATION

This research project is my original work and has never been presented for any degree in this or any other university.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This study is dedicated to my family, for their love, continuous support and encouragement in every aspect of my life.

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ABSTRACT

The objective of the study was to determine the influence of competitive advantage strategies on performance of International fast food franchises in Nairobi Kenya. Specifically the study sought to establish the influence of cost, differentiation and focus strategies of international fast food franchises in Nairobi, Kenya. This research utilized a descriptive cross-sectional research design and out of the seventeen questionnaires administered to the respondents, all 17 were dully filled representing a response rate of 100%. Data collected was analysed using descriptive and inferential analysis. The study established that there is a significant relationship between the competitive advantage strategies and performance, with cost strategy, having greater contribution on performance followed by differentiation strategy and focus strategy respectively. The findings indicated that, International fast food franchises in Kenya have considered cost strategy as a significant factor in the influence of performance, hence considerations are given to lower said factors to improve on performance. It is recommended that organisations strive to be cost leaders in the market, by adopting cost cutting measures and improving on the quality of products and services they provide, thus increasing in profits and overall customer satisfaction, as well as focusing on innovative ways to entice customer's whist, focusing on specific means of keeping them interested. Continuous study is required in this field as, it was noted that the competitive strategies only affected 32.9% of the variables affecting performance; hence there are other areas of study to be involved that would also look into other sectors.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Starting a business is easy but operating a successful business can be challenging. This is due to the globalized market that leaves local firms having to compete with their local counterparts as well as international firms. Businesses thus have to adopt strategies that will ensure they outperform their competition by having a strategic advantage over them. One of the ways a firm can gain strategic advantage over its competitors is through operational efficiency and effectiveness (Atetwe 2016). Strategy is the course of an organisation over a period of time that guides it to superior performance by helping it establish competitive advantage. Grant (1998) views strategy as a vehicle for synchronisation within the organization that guides management in making decisions that gear towards superior performance.

A company considered to have competitive advantage will have distinguishing features that give it the capability to achieve higher revenue over time over its competitors. According to Porter (1996) businesses have had one goal to increase performance, increase profits and hence satisfy stakeholder's needs. The success and failure of firms contributes to its performance through advances, consistent culture, or suitable implementation, therefore a competitive strategy is the pursuit for and advantageous, and competitive position within any industry it is operating, or where the competition occurs.

The study was anchored on two main theories, internationalisation theory and resource based theories. Johnson & Scholes (2003), define internationalisation strategy as the decisions an organisation can make to operate outside an organisation's country of origin.

Emphasising on the process of increasing involvement of enterprises in international markets, focusing on the external environment and the organisations capabilities. Resource based theory is an approach to achieving and sustaining competitive advantage by focusing on resources key to superior firm performance (Barney, 1991). International franchises that deal in fast food have become a global trend in today's society and has transformed the standard of living in countless countries seen through food being advertised as a regime for middle class culture, for contemporary people and workers. The greatest factor that is influencing the change in diet and subsequent nutritional status is urbanization and subsequent changes in lifestyle.

According to a study by McKinsey & Co. (2006) multinational enterprises are now targeting emerging markets in developing countries such as Kenya, or South Africa for progression, attracted by rising disposable domestic incomes, fast financial growth and a developing populace and budding taste for foreign foods, Kenya notwithstanding stands out as a hub, attracting the international restaurant franchises. The entry of these restaurants is brought about by the attractiveness of the existing firms like Pizza Inn in Kenya that have had a successful run in a long period (McKinsey & Co. 2006).

1.1.1 Concept of Competitive Advantage

Competitive advantage can be described as that position or circumstance that places an organization in a favourable position, with distinguishing features as compared to competitors, giving it the ability to achieve a higher yield over time as well as generate more profitability and value than the competitor (Barney, 1991). According to Porter (1996) businesses have had one goal to increase performance, increase

profits and hence satisfy stakeholder's needs, thus competition lies at the fundamental success and failure of firms.

In the search for an advantageous lead in the economy, firm's competitive nature promotes new ways of inventions and successful strategies that keep them in the lead. Competitive advantage can be defined as that position or circumstance that places an organization in a favourable position as compared to competitors. This enables the company to compete successfully and please its customers while achieving good business performance.

According to Whittington et al (2014) to be competitive means having value and superiority in creating and supplying more than those of others in the same field. The two essential features in emerging in this concept are competitiveness, having value clients are will to pay for, more than the cost factor of supply, and advantage, creating value greater than that of rivals. Without this edge created by competitive advantage, a firm is likely to suffer as competitors will have better services and low cost pricing.

Depending on how one defines competitive advantage, Baron (1994) states that if competitive advantage is defined broadly, economic and political advantages included, then it can be argued that firms treated favourably by the government have competitive advantage. This means governmental regulations can alter the normal relationship between competitive advantage and firm performance through acts such as restricting competition and granting the local firm monopoly or near monopoly power or subsidies. Meyer (1982) also argues that environmental shock or jolt, such as strikes, could alter a firm's relative competitive advantage and superior performance.

1.1.2 Firm performance

Firm performance according to Ma (2015) is the ability of the business to combine multiple competitive advantages in order to achieve superior performance over its rivals. Depending on competitive contexts, performance may be determined by just one critical element of competition or by a combination of multiple factors. This endorses the possibility that a business may have many competitive advantages yet do not have superior performance, due to lack of proper skills in managing them (Teece et al, 1997).

According to Verweire (2014) the three main levers for achieving a competitive advantage and a winning performance and these are strategy, alignment and commitment. Winning companies are able to create a circle of strategy, alignment and commitment and this is what ultimately drives performance, that is, good finance, a good client base, worker satisfaction and environmental drivers. Performance measurement can be defined as the process of measuring the capabilities of the processes a firm undergoes and present this information in a way useful enough to solve conundrums of a wide variation (Neely, et al 1996).

Measures used in organisations to assess performance, determine as well behaviour, productivity levels, procedures for improvement, accountability measures and overall firms practice, as it engages in strategy implementation (Slack et al., 2004).It is widely recognised that performance measures need to be aligned with the strategic management practises as well as the competitive strategies of the organisation to determine success or failure (Neely et al 1996).

1.1.3 Franchises and Franchising of industries

A Franchise is an approval given by a body of authority such as a company to any individual or company to engage in the chosen profitable activity (Jim 2008). A license is given in consent that allows access to a proprietor's trademark, thus license fee is usually paid, a temporary contract, as it is a lease and does not instigate ownership of the trademark. Franchising involves two parties, the franchisor owner or business selling the trade rights and the franchisee the individual or company buying the franchise (Jim 2008).

Jim (2008) identified three main types of franchises; Product distribution where the franchisee sells to the franchisor with little business integration, Business format with full integration of business, and management franchise that is a service agreement where franchisee provides vital management information and or procedures in conducting business. Purporting that fast food industries fall under the category of business format franchise as this involves, not only distribution of products under franchisors trademark, but also all procedures and work processes and ways of conducting the business. Benefits of franchises include, a readymade business model, compete with products services and recognition of the Brand. Rules to be followed by the franchisee are use of franchisor's suppliers, equipment, rules and regulations, as well as franchisor having a share of the profit and sales of franchisee (Jim, 2008).

1.1.4 Fast food industry

The fast food industry are the firms offering food prepared in advance or cooked in a hurry when ordered and may be sold in food stands, self-service counter or drive-through. They make up the quick service restaurant together with fast casual restaurants. The various consumers of fast food tend to look at the taste, the price as

well as the quantity, whereas the business looks to quality, quantity and efficiency. The global market has seen a huge growth in these fast food industries with franchises such as McDonald's, Burger King, Teriyaki, Kentucky Fried Chicken and Naked Pizza (Data monitor, 2010).

The success of these firms makes competition struggle as they boast of huge customer fan base, powerful marketing strategies, consistency in quality and service, whereas the new firms, have anonymity, poor marketing and advertising platforms, weak resource base, and international knowledge privy to infiltration in global market. Established franchises have the resources required for deterring new players from entering the marketplace such as pricing promotions (Data monitor 2010).

The rise and success of these fast food industry, can be attributed to the increase pace of urban population, and need for cheaper and quick options for meals. The population is also driven by the slow and demanding individuals in need of door step delivery. According to John (2017) the international fast food market share and trend will increase due to urbanisation of the general populace and popularity and easy access, online ordering trend and emerging economy.

1.1.5 Fast food franchise in Nairobi City, Kenya

The food industry in Kenya is expanding at a rapid pace. In a research study conducted by Foreign Agricultural Service in 2012, it was noted that the Hotel and Restaurant segment is growing more rapidly than any other economic segment in Kenya. This can be credited to the growing number of middle class who have the disposable income needed to eat out restaurants.

Kenya's fast food market has been expanding rapidly over the past few years as local and international brands step up their investment, causing transformations due to the industry's extraordinary capability to become embedded gradually becoming a way of life. According to Mugo (2014), the major difference between fast food franchises and other business ventures is in the marketing of their brand and not so much on the menu they serve.

Fast food franchises are the best working franchises in Kenya to date, ranked by growth, number of opened branches and the increasing demand. Java Coffee and restaurant chain was recently acquired by the American Backed Wananchi group, due to the fact that Kenyan market is growing and the sector of food is a lucrative venture. (Kenya Country Commercial Guide, 2016)

1.2 Research Problem

High competition encourages rivalry, which can be defined as a source of competitiveness that leads firms to have better performance. Competitive Advantage is able to create more economic value that is customer pays more than the cost implications, in the guise of greater benefits (Porter 1990). Therefore the Porters generic strategies of cost, differentiation and focus form the basis of the firm performance through balancing according to client demand and need. The stiff competition that exists between international fast food franchises is due to dealing with the same product and services.

Organizations need a competitive edge to stand out and outperform the same enterprises by imposing good competitive strategies to deal with emerging environmental challenges; this is in order to be superior in their performance within the international field. The dynamism of the international food franchises in the restaurant industry and how they infiltrate international markets is one of the key

areas Kenyan food chain owners may benefit from, because the food and restaurant industry is expanding economic growth of the country. Studies have been carried out on strategies and competitiveness of international food franchises and their performance in international fields.

Srivastava (2015) studied on loyalty towards global brands compared to that of local Indian brands and found that preference was on global brand due to superior quality and increased preference, leading to reference through word of mouth publicity compared to local Indian food franchises, and demographic factors played a role in the patronage of fast food franchises. Kabir, (2016) on the other hand looked at aspects motivating customer loyalty at a fast food hamburger chain, and found that fast food franchises main target was on customer relatedness and their response. Lee & Ulgado, (1997) studied increased infiltration of United States fast food franchises across the globe and the success factors and found that adapting their operations with those of local market gave them a better sales perspective that included product differentiation focus.

Locally Gikonyo (2014) researched on key success factors international franchises use in entering Kenya's market and he identified product mix, convenience, employee competence, price and atmosphere as the critical success factors. Mwangi (2010) conducted a study to establish the responses that competitors had in relation to Nairobi's increased fast food restaurants and established that for a firm to endure in a competitive environment it should identify its targets and tailor its products and service to suit their tastes and preferences.

Akoth (2013) researched on expansion trend of fast food franchises in Kenya and ascertained that some strategies such as increasing value of product, or changes in

menu, customer service were prudent in the growth of these firms. Most of the studies focused on firm's competitive environment.

The above studies show different aspects of competitive advantage strategies adopted by international fast food franchises and for their survival and how these strategies contributed to their superior performance. The study gave insight and knowledge on the perceived effectiveness, therefore answers the question: What is the influence of competitive advantage strategies on performance of international fast food franchise in Nairobi City, Kenya?

1.3 Objectives of the study

The aim of the study was to determine the influence of competitive advantage strategies on performance of international fast food franchises in Nairobi City, Kenya.

1.4 Value of the Study

The research contributes to the theory of competitive advantage theory as it seeks to show the effective competitive advantage strategies used by firm's international fast food franchises in Kenya, highlighting key ties that lead to superior performance. To current and future scholars, it is a source of reference in related topics of competitive strategies and support theories such as Internationalization theories and resource based view, which elaborate on competitive advantage with a focus on the international franchise business. Academicians who embark on the same area in their analyses would also find the analyses perceptive.

Managers and owners of business and restaurants would infer to the study to better inform them on how to enhance competitive advantage and performance. The study also highlights key competitive advantage strategies required for growth existence of fast food franchises, in the international market. Entrepreneurs are likely to benefit

from the study by providing them with significant information regarding franchising as a global business entry strategy to actualize market penetration and tap into new market prospects for business development

Policy makers and regulators of the fast food and hotel industry may also find the study useful because they will be able to know how, and which policies they need to develop, that can affect the strategies developed by the competitors in the industry. The study is prolific to the government in helping to enhance the growth of food franchises, through establishing forums, or institutions geared towards competition and performance of food franchises. Moreover, the study would act as a directive to the government on regulation policies for the franchises and sanction rules and by-laws. In national policies, the government would be able to ensure that the tax rates are favourable to attract more franchise investors in Nairobi.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the research carried out by other scholars in the same field of study. The areas covered include, competitive advantage strategies Theoretical foundation; that includes Resource Based Theory, and Internationalization theory, Potters Generic Business Strategies, Empirical Studies and Knowledge Gaps and Summary of research.

2.2 Theoretical foundation

The study was associated on two main theories, resource based theory and internationalisation theory.

2.2.1 Recourse Based Theory

The tenet principle of resource based view is on resources that are rarer, of value, and cannot easily be acquired by rivals and only found in the firm alone; this then is the foundation of unrelenting competitive advantage (Barney, 1991). The theory explains that a firm achieves long-term competitive advantage by managing its resources in a way that competitors cannot imitate the results, thereby creating a competitive barrier. Inputs into the production process like capital, human resources and equipment form the resources of a firm. The resource-based theory makes it necessary to understand how the resources are utilized and pooled to realize long-term competitive advantage.

Barney (1991) has postulated that to achieve sustainable competitive advantage, firms should analyse the potential of their resources and optimally use them. Depending on the application, resources can either be drivers or barriers towards strategy implementation and consequently impact on the performance of a firm.

Barney (1991) identified two assumptions that define it, resource diversity that refers to companies having the same resources as other rivals hence not having any competitive advantage, and resource immobility, that refers to firms having resources that they alone can obtain hence creating a competitive edge over the rivals. These two definitions enable the firm to have superior performance through sustainable competitive advantage.

2.2.2 Theory of Internationalization

According to Buckley & Casson (1976) internationalization involves enterprises infiltrating international markets through introducing product and services, adopt new cultures and integrate with the local in order to transact and maximise profits in an imperfect surrounding. The enterprises conduct within the confines of the business itself and not in the open, where they can move assets across boarder and between their business holdings. Czinkota & Ronkainen (2003) defined internationalisation as the process of conducting business across boarders through creating interactions and planning objectives that will satisfy individuals. The theory seeks to establish the ideals of working in an environment foreign to the origin of the parent company.

Johanson & Vahlne (1977) noted that enterprises increase international involvement in a gradual manner, by first adapting to the culture, language and political systems, and this can be done through various entry strategies such as franchising, strategic alliances, licensing and exports. The advantage of this strategy is to gain prior knowledge experience to work in unfamiliar territory. Internationalization theory enables companies to acquire imperative data and resources, enabling expansion, exploration of new markets, advance in technological systems all across national borders.

2.2.3 Porter's Generic Business Strategies

Porter (1998) defines the five forces of competitive strategies as rivalry, threat of substitutes, supplier power, buyer power, and threat of new entry, and these facets help a firm position itself in a way that is economically profitable. Relative positioning of a firm determines its success or failure and this in turn defines sustainable competitive advantage. Competitive advantage is further defined into three broad-based strategies that is; Cost leadership, differentiation, and focus, that leads to superior performance. Focus strategy can be further divided into, cost focus and differentiation focus (Porter 1980). All firms set out to become the leaders in cost management, and this could be through control of economies of scale, technological management, ease of access and exclusivity to raw materials.

If and when firms control the overall cost leadership, then their performance can be described as being superior. In differentiation strategy, firms select exceptional attributes that are considered valuable and unique to clients and put itself in the position to supply. Focus strategy involves selecting a certain section within an economy and tailor its strategies and resources to supply on these specifics to the extent of excluding others. It is a narrowed selection and choice within the industry to gain a competitive edge. Focus strategy consists of two variants; cost focus, where firms target sections focusing on cost advantage, as well as cost behaviour in certain segments, and differentiation focus is where a firm gains competitive advantage through differentiation, and exploits the special requirement of the different sectors.

Johnson & Scholes (2003) highlighted the five forces model strategies that are usually used to evaluate the standing of a company in its industry and gauge its level of competitiveness. These include, threat of new entrants to market that may be existing

or new upcoming players, threat of substitutes that gives customers choice that will fulfil their needs favoured by value and price, brokering command of suppliers, bartering dominance of buyers, and competitive opposition that focuses on number of players within the industry and the market share one holds. These generic models are only helpful if used in the industry context it operates in and relevant to the company in questions. The success of any organization depends on how new strategies are crafted to enable them to encounter challenges that are thrown by the environment (Johnson & Scholes 2003).

The external environment is always changing. The changes are usually very turbulent and full of surprises. The organization must therefore be flexible and be able to move with speed to counter these changes (Ansoff & McDonnell 1990). Competitive advantage and performance could have different patterns of relationship depending on the context of definition thus this study will look at the relationship of competitive advantage strategies and performance of international franchise fast food franchises in Nairobi, Kenya.

2.3 Empirical studies

Studies conducted on strategic management that lead to firms having competitive advantage include: Krishna (2014) analysis of competition in the Indian restaurant established that most leaders in the industry utilized strategic methods like differentiation, cost-leadership and focus target, or a combination to stay relevant in this industry. This was seen as a difficult task that requires the firms to maintain a standardized design in order to benefit from high profit because of increased sales volume. Sunde & Siebert (2013) researched on the effects of employment creation and its effect on franchising as a strategy of growth, and the research asserted that fast food franchises were a key source of employment in Windhoek, Namibia. Wingrove

(2017) researched factors that influenced growth of brands in the franchise food industry and found that location was a key competitive strategy as it meant that the franchises moved closer to the convenience of the customers hence increased sales and awareness. Neueze (2003), when studying strategic management of Nando's international, concluded that for a franchise to expand, it needs to also consider culture of international forums and include a different business plan, structure and strategy in order to expand in the international market. Mornay (2009) researched on the strategies required to maintain the customers of Kentucky Fried Chicken, Nandos and Steers, and found that they all franchises tend to rely on the same strategies in marketing and other stakeholders.

Wanja (2015) researched on the strategic management practices in fast food franchises in Nairobi concluded that strategic management was largely positively correlated to performance of the franchises sampled in the Kenyan market. Mura (2011) highlighted that fast food industry has also faced medical criticism as well as many surveys for unhealthy and fatty food. Gikonyo et al (2015) studied reasons why firms seek to increase operations by means of franchising process and subsequently the success factors encountered entering the Kenyan market. He uncovered that trade name perception, economic situation, administration strategies, span organization, social allure, brilliant assortment of franchisees, good locality choice, decent association with franchisees, and appropriate agreement supervision, led to exceptional accomplishment .

2.4 Summary of Literature Review and Knowledge Gap

The empirical studies carried out indicated that firms engage in competitive advantage strategies all leaning towards specific deliberate facets. In analysing international

quick service restaurants, (Krishna, 2014) competitive advantage strategies were used to infiltrate the local market, while (Wingrove, 2017) location is a key competitive strategy in increased growth for fast food franchises within any economy. It was seen that all franchises employ similar competitive strategies, such as customer retention (Morna, 2009) as a management tool that can lead to growth.

Performance through dependency on employment (Sunde and Siebert, 2013) as a strategic growth factor as well as culture (Neueze, 2003) in conjunction with various competitive strategies, structure and business plans were key in increased sales. Strategic management was the key consideration (Wanja 2015) in the performance of the firms and the critical success factors (Gikonyo et al, 2015) required in entering any market foreign or otherwise to gain sustainable performance, in the long run. The research gap existed where strategies were not aligned with performance of the international fast food franchises, thus this study will look at the influence competitive advantage strategies has on performance of these international fast food franchises within Nairobi City, Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, data collection as well as the techniques for data analysis that was used with relation to competitive advantage strategies and performance of international fast food franchises in Nairobi, Kenya.

3.2 Research Design

The research study was a descriptive cross sectional survey design. Cross-sectional studies are conducted once and represent a one point in time research while descriptive survey involves gathering required information through the use of interviews and or use of a questionnaire to a sampled population (Cooper & Schindler, 2008).

According to Gingery (2011) survey research tends to be a reliable method of inquiry, due to standardized questions, phrased in exactly the same way, and posed to different participants. With well-constructed questions and design, survey methodology has the potential to produce reliable results as it offers convenience for respondents since they can answer questions on their schedule, at their own pace.

3.3 Population of the Study

Kombo and Tromp (2006) described a population to be a cluster comprising individuals, objects and items to be sampled for measurement purposes. The population of the study consists of fast food franchises operating in Nairobi (see Appendix I), thus a census of the population was carried out due to the small number.

The fast foods franchises were chosen as they are strategically located in the main streets, with more than one outlet offering the same kind of foods, invested large sums of money in the business, paid goodwill and thus should have well defined strategic plans in order to counter competition and recover what they have invested.

3.4 Data Collection

The study used primary data which was collected by way of self-administered questionnaires. Structured questionnaire consisting of open and closed ended questions designed to prompt specific responses for qualitative and quantitative analysis respectively, as well as secondary data, which involves the summary, collation and synthesis of existing research, such as journals, books, and written materials.

The study targeted at least one respondent from each of the establishment that is the director of the fast food franchises or the supervisors who were situated at the head office in the case of franchises with several outlets within Nairobi City and administration department for franchises with a single outlet. The questionnaire was distributed through “drop and pick later” method. The respondents were expected to give an insight into some of the strategies they have put in place to ensure that they have a competitive edge over its competitors.

3.5 Data Analysis

Data analysis is the method of analysing, cleaning, converting and forming data collected in a research. Data analysis methods used in the study included qualitative and quantitative techniques (Mugenda & Mugenda, (2003). The data was analysed by the use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaires.

The data classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs were used for presentation of findings. This method of analysis enabled the researcher to have an insight of the most commonly used strategies by the international fast food Franchises. The quantitative data collected was analysed by the use of regression analysis model.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where:

Y = dependent variable (performance)

β_0 = the regression intercept

$\beta_1 - \beta_3$ are the regression coefficients

X1 = cost advantage strategy

X2 = differentiation strategy

X3 = focus strategy

e = error term

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter shows the results analysed on the influence of competitive advantage strategies on performance of international fast food franchises in Nairobi, Kenya. The presentation of this study will take the form of tables and figures which will assist in analysing the data concentrated on the study objectives.

4.2 Response Rate

Seventeen (17) questionnaires were distributed to the managers of the selected International fast food chain located within Nairobi. All of the distributed questionnaires were fully filled and therefore the response rate was satisfactory at 100% rate. Kothari (2004) indicates that a response rate above 60% is considered acceptable for the purpose of any research and therefore the response rate of 100% is very satisfactory.

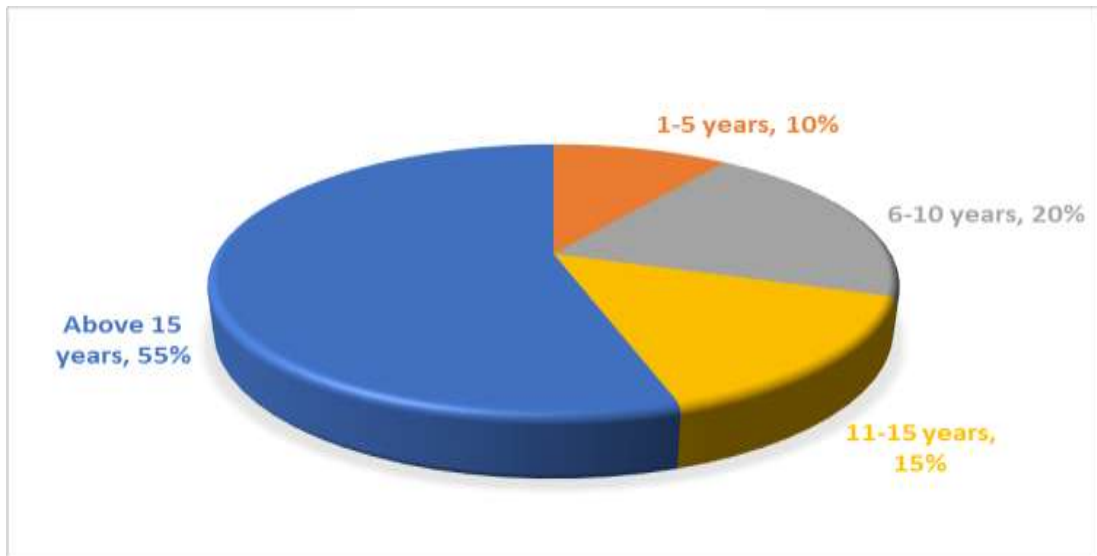
4.3 Background Information

The study necessitated the establishment of the contextual evidence from the respondents in regard to the organization period of operations and the number of branches in Kenya.

4.3.1 Period of Operations

The aim of the research paper sought to uncover how long the franchise has operated in Kenya.

Figure 4.1 Period of Operations



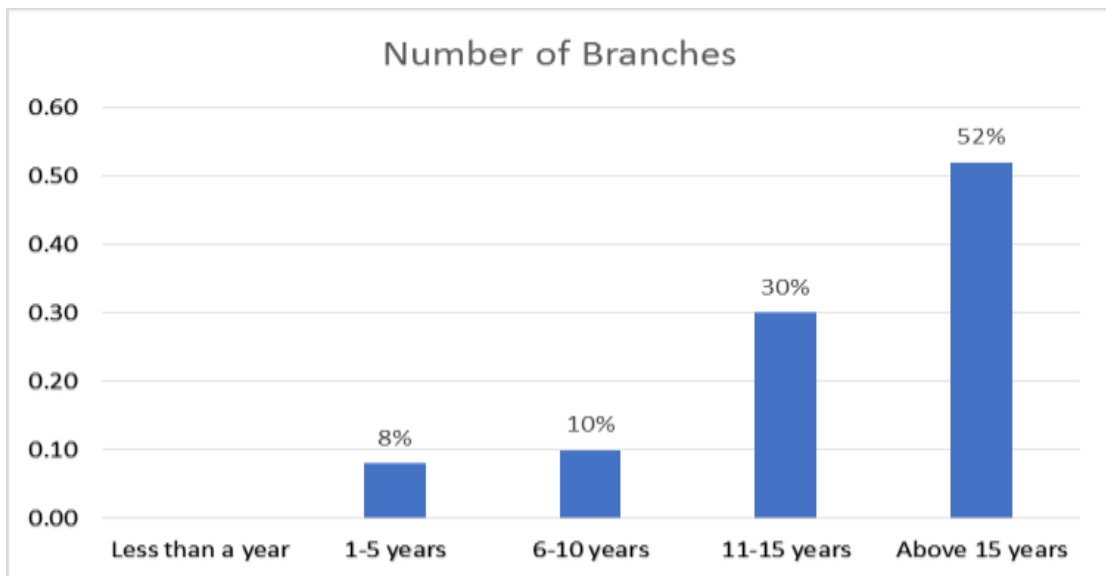
Source: Primary Data (2017)

The findings indicate that 55% of the companies have operated in Kenya for over 15 years, 20% for between 5 years and 10 years, 15 % for 10-15 years and 10% for 1- 5 years. The findings point towards the fact that majority of international fast food businesses exhibit full understanding of the dynamics of Kenyan fast food market and therefore they really understand the customer needs and factors that affect the customer demands. This implies that majority of the companies have adequate information that will assist in analysing the influence of different competitive advantage strategies on the performance of the organizations.

4.3.2 Number of branches

The aim of the research required the number of branches the international fast food franchise has opened in Kenya.

Figure 4.2 Number of branches



Source: Primary Data (2017)

The findings as outlined in figure 4.2 indicate that majority (52%) of the fast food companies have more than 15 branches country wide, 30% have 10-15 branches , 10% have between 5- 10 branches and 8% have 1-5 branches in Kenya. This implies that the market of these companies is geographically distributed in different regions and therefore they have wide range of knowledge and experience on how to satisfy the customer needs from different status in the society.

4.4 Descriptive Analysis

The study further conducted descriptive analysis both Pearson and regression analysis to determine both the disposition and respective potencies of relations amongst the conceptualized competitive strategies (independent variables) and performance (dependent variable) in the international fast food franchises in Kenya

4.4.1 Cost leadership strategy

The study sought to assess effects of cost advantage strategies on performance of international fast food franchises in Nairobi City, Kenya.

This section presents findings to statements posed in this regard with responses given on a five-point Likert scale (scale of 1-5 where; 1- Disagree strongly; 2-Disagree; 3- Neutral; 4-Agree; and 5- Agree strongly). The scores of ‘disagree strongly’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5.

The score of ‘neutral’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of ‘Agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 4.1 Influence of cost advantage strategies

Cost advantage	N	Mean	Std. Dev
Reduced cost increase profits	17	3.80	0.57
Cost cutting strategies have led to low cost management compared to competitors	17	4.09	0.61
We offer low cost, high quality products	14	4.02	1.01
Overhead costs have been managed and reduced	16	1.93	0.52
Low prices attract consumers	17	2.90	0.54
Low prices attract low income consumers	17	4.90	0.57
Company is taking advantage of economies of scale to reduce overall costs	15	4.20	1.27
Switching cost is very low	17	3.8	0.57
Low price affect the profit margin	17	4.5	0.46
Low costs have reduced new entrants to market	17	1.2	0.85
Average score	16.33	3.534	0.70

Source: Primary Data (2017)

Table 4.1 shows the tabulated results on the influence of cost advantage strategies on the performance of the international franchises fast food franchises Nairobi City, Kenya. The study indicated that majority agreed that the cost reduction has resulted to increased profit (3.80), cost cuttings measures to enhance cost management as compared to the (4.80), company offers low cost, high quality products (4.20), Low prices attract low income consumers (4.90), Company is taking advantage of economies of scale to reduce overall costs (4.20), Switching cost is very low (3.80) and Low price affect the profit margin (4.5). The findings also indicate that majority of the respondent disagreed that Overhead costs have been managed and reduced (1.93), Low prices attract consumers (2.90) and Low costs have reduced new entrants to market (1.20).

The findings indicate that cost advantage strategy has been implemented in the majority of fast food franchises with the aim of ensuring the overall costs of operations are reduced which would eventually results to higher profits for the organization. The cost advantage strategies have been implemented by means of taking the advantage of economy of scale which reduces the cost per unit of production as well as implementing cost cutting measures within the organization operations.

The findings further indicate that the reduction of prices on products doesn't result to offering low quality products but organization are striving to reduce the cost of products while at the same time guaranteeing quality products for the customers. The findings indicate that the organizations have not fully implemented the cost reduction measures in all of its production and further focus on reducing the overhead cost should be undertaken.

The study further indicates that the reduction of prices does not always result to increase in the numbers of consumers since some of the customers are not price sensitive. Low income consumers are considered to be more price sensitive as compared to high income earners. The findings are in agreement with Porter (1996) who indicate that organization should always strive to be the cost leaders in the market so as to attract more customers. Porter (1996) indicates that one of the best means of gaining competitive advantage is offering quality products at lower prices compared to the competitors.

Verweire (2014) further indicated that the organization can be able to achieve competitive advantage by developing strategies which are aimed to drive performance of the organization. The cost leadership strategy is critical in ensuring that the organization is able to penetrate in the market by offering quality product at a lower price compared to the competitors.

4.4.2 Influence of differentiation strategy

The study sought to assess effects of differentiation strategy on performance of international fast food franchises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point Likert scale (scale of 1-5 where; 1- Disagree strongly; 2-Disagree; 3-Neutral; 4-Agree; and 5-Agree strongly). The scores of ‘disagree strongly’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘neutral’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of ‘Agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 4.2 Influence of differentiation strategy on performance

Differentiation	N	Mean	Std. Deviation
Use of latest technology has enabled differentiation of our product	17	4.11	1.05
Differentiation has resulted to high quality Products as compared to the competitors	17	4.24	0.90
Increased income from provision of unique product line	17	3.94	1.03
Customer loyalty has been created as a result of unique product	17	4.29	0.69
Brand loyalty created through special products	17	4.18	1.19
We have a wide variety of products that have increased revenue	17	4.06	0.90
We have a wide variety of products unique to the company	17	3.88	1.05
We have products that compete without price placement	17	4.18	0.95
Imitation is key concern with our products	17	2.47	1.18
Average score	17	3.93	0.99

Source: Primary Data (2017)

The study indicated that majority agreed that the use of latest technology has enabled differentiation of our product (4.12), differentiation has resulted to increased income from provision of unique product line (3.94), Customer loyalty has been created as a result of unique product (4.29), Brand loyalty has been created through special products (4.18), organization has a wide variety of products that have increased

revenue (4.06), organization has a wide variety of products unique to the company(3.88) and organizations have products that compete without price placement (4.18), majority of the respondent disagreed that imitation is a main concern for the company.

The findings indicate that the fast food sector has embraced the use of technology as a tool to enhance differentiation of the products from the service delivery to the presentation of the fast food products at each fast food stall. The use of technology can be attributed to the highest appeal of the shops to the high income earning bracket of Kenyan urban market. The shops have been designed using modern technology which enhances customer satisfaction. International fast food franchises in Nairobi have also used their main brand and quality of their product to ensure customer loyalty is generated amongst their frequent customers.

Organization have ensured their products are highly differentiated from the competitors and this has created a huge customer base who are less price sensitive and therefore ensure customer loyalty. The findings indicate that the organizations are less concerned about the imitation since the quality of the product offered at each joint is completely distinct from what is offered by the competitors. The findings also indicate that the differentiation strategy has played a pertinent role improving organizational revenue and also customer retention. The international fast food chain has been able to create a strong brand that is intensively accepted by majority of the customers such that the products have become very insensitive to price changes by the organization or from the competitors.

The findings are in agreement with the findings by Krishna (2014) who revealed that the restaurants have embraced differentiation as tool of enhancing the organizations

sales revenue. The study further revealed that the organization have to avoid having standard design and for their products since technology is rapidly changing and competitors are very innovative to adjust the design and presentation of their products to the potential customers.

Mornay (2009) indicated that international fast food franchises have become too innovative in designing their marketing and strategies and similar strategies are applied in all their branches worldwide. This finding explains the reason why the international fast food franchises in Kenya are very keen on improving the customers experience in all of their shop. This helps to differentiate their services from the other local organizations offering the same products.

4.4.3 Focus strategy on Organization performance

The study sought to assess effects of focus strategy on performance of international fast food franchises in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point Likert scale (scale of 1-5 where; 1- Disagree strongly; 2-Disgaree; 3-Neutral; 4-Agree; and 5- Agree strongly). The scores of ‘disagree strongly’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘neutral’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of ‘Agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

The study sought to determine the focus strategy that has been applied in order to enhance performance of international fast food franchises in Kenya. Majority of the respondent indicated that the chain has focused more on social status considerations (4.35), followed by Processes – focus (4.41), Branding – focus (4.35), Culture – focus

(3.47), Knowledge Development - focus (3.06), Age considerations (2.06) and Gender –focus (1.29).

Table 4.3 Influence of focus strategy

	N	Mean	Std. Deviation
Knowledge Development - focus	17	3.06	1.14
Age considerations	17	2.06	0.90
Gender - focus	17	1.29	0.47
Social status considerations	17	4.53	0.51
Branding - focus	17	4.35	0.79
Culture - focus	17	3.47	1.28
Processes - focus	17	4.41	0.80
Average score	17	3.31	0.84

Source: Primary Data (2017)

Focus strategy is applicable in identifying the niche in the market and pooling resources with the aim of satisfying that gap. The findings indicate that international fast food franchises in Nairobi City has focus, more on satisfying the needs of customers at given level of social status in Kenya. Majority of the chain stores have been focused on satisfying the needs of middle level and high level income earners in Kenyan urban areas. Majority of the chain stores have been located in urban areas and therefore their focus is more on satisfying the needs of high social class in Kenya.

This group of Kenyans are more interested with quality products and therefore are less price sensitive on the changes of the product prices. This helps to boost the organization revenues. The food store have also focused more on ensuring the

production process are able to result to products with the capability to satisfy the customer needs. Each organisation has trade secrets on their recipes and spices in order to ensure the final product is unique from that of its competitors.

The findings indicate that the organization is less interested on the age and gender of their customers. Their product can be consumed with every one irrespective of the age or gender. The organization has significantly factored in the culture of the Kenyan and therefore organized their operations to be in line with the African culture. The findings of this study are in agreement with the findings by Wingrove (2017) who indicated that focus target is very essential in ensuring the organization is able to gain competitive edge over other competitors.

Based on the targeted customer base the organization is able to strategically choose the location that will ensure the target group are reached. This justifies why the international fast food franchises have located their chain store in the urban areas where high and middle level income earners are able to access the services with ease. Neueze (2003) considers culture to be very important in venturing in to new market outside the country of origin. The study findings are in agreement with that assertion since the organizations have factored in the existing culture in the country in their operations.

4.5 Inferential Statistics

The study further conducted inferential statistics entailing both Pearson and regression analysis with a view to determine both the nature and respective strengths of associations between the conceptualized competitive strategies (independent variables) and performance (dependent variable) in the international fast food franchises in Kenya

4.5.1 Coefficient of Determination

The coefficient of determination (R²) elucidates the degree to which alterations in the dependent variable can be justified by the shift in the independent variables. It shows the proportion of variation in the related variable and the three independent variables that were explained as represented by the R² With an adjusted R-squared.

Table 4.4 Model Goodness of Fit

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.680 ^a	0.634	0.329	0.52

a. Predictors: (Constant), Focus strategy, differentiation strategy, Cost leadership strategy

Source: Primary Data (2017)

The model shows that Focus strategy, differentiation strategy, Cost advantage strategy collectively explain 63.4 percent of the variables in performance of international fast food franchises in Kenya while 36.6 percent is explained by other factors not included in the model.

4.5.2 Analysis of Variation (ANOVA)

Table 4.5, presents the regression and residual (Error) Sum of squares. The variance of the residuals (or errors) is the value of the mean square which is 803.20. As can be observed in table 4.14, the predictors X1-X3 represent the independent variables, which are the the influence of competitive advantage strategies on performance of international fast food franchises in Nairobi City, Kenya. Table 4.5 also provides the data to compute R².

This is sum of squares-regression divided by sum of squares total R squared. $SS\text{-}regression / SS\text{-}total = 3212.78 / 4 = 803.20$. Table 4.5 reports that the sum-up of ANOVA and F-statistic which discloses the value of F (1.204) is substantial at 0.05 confidence level. The value of F is considerable enough to conclude that the congealed independent variables X1-X3 are the the influence of competitive advantage strategies on performance of international fast food franchises in Nairobi City, Kenya

Table 4.5 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3212.78	4	803.20	1.20	0.05
Residual	314.54	66	2.33		
Total	3527.32	70			

Source: Primary Data (2017)

4.5.3 Multiple Regressions

Regression analysis was undertaken to determine the relationship between the independent variables and the dependent variable and coefficients of determination as presented in Table 4.6 was derived.

Table 4. 6 Multiple Regressions

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	3.85	.215		1.79	.009
Cost leadership strategy	.68	.28	.557	2.47	.002
Focus strategy	.21	.22	.211	.95	.003
Differentiation strategy	.88	.43	.478	2.04	.004

a. Dependent Variable: Performance

Source: Primary Data (2017)

As per the results in table 4.6, the model equation was ($Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$) was generated: where, Y = Performance of international fast food franchises in Kenya; α = Constant; $\beta_1 - \beta_3$ = Beta coefficients; X1 = Cost advantage strategy; X2 = Differentiation; X3 = Focus strategy and ϵ = Error term.

The established regression equation was thus: $Y = 3.85 + 0.68 X_1 + 0.88 X_2 + 0.21X_3 + \epsilon$. The possible value of Y when all independent variables are equal to zero is 3.85. The figures studied showed that considering all other independent variables at nought, a unit escalate in of Cost leadership strategy will bring a 0.69 rise in performance of international fast food franchises in Kenya; this means that there is a significant relationship.

Cost leadership strategy and performance of international fast food franchises in Kenya. The P-value was 0.002 and thus the relationship was significant. A unit growth in focus strategy will result in a 0.21 increase in functioning of international fast food franchises in Kenya; this means there is a significant relationship between

focus strategy and performance of international fast food franchises in Kenya. The *P*-value was 0.003 and thus the relationship was significant.

A unit increase in Differentiation strategy will lead to a 0.27 increase in performance of international fast food franchises in Kenya; this means that there is a significant relationship between Procurement cost reduction and performance of international fast food franchises in Kenya. The *P*-value was 0.004 and thus the relationship was significant. From the findings, the most significant variable is differentiation followed by cost advantage strategies and the least significant variable is Focus strategy. This implies that the organization needs to focus more on differentiation strategy so as to significantly improve on the performance of international fast food Chain in Kenya. The study further shows that the three strategies can be applied at the same time with the aim of enhancing overall performance of the organization.

4.6 Discussion of findings

In light of the findings, it is noted that there is a positive correlation of the independent variables and the dependent variable. According to Krishna (2014) the competitive strategies used led to a positive and successful performance of firms confirming the results. Focus strategies, were a successful at increasing performance of firms, as determined by Sunde & Siebert (2013) who found that a positive relationship existed between employee and customer satisfaction, on the other hand, focus strategy of brand as per Wingrove (2017) in the increase success of the franchises and Neueze (2003) focus on culture, concur with the positive correlation of 0.44.

From the findings, Focus strategy, differentiation strategy, Cost advantage strategy collectively explain 32.9 positive relationship but a significant influence of 67.10

percent is explained by other factors not competitive strategies. Wanja (2015) on finding out strategic management practises of fast food franchises led to increase performance and Mornay (2009) found that most firms use the same strategies to achieve performance despite differentiating products hence affirming the percentage correlation of the findings, tally with the positive relationship of the findings, but Gikonyo et al (2015) found that various other factors such as government policies, location, relationship with franchisor, proper contract management, led to a significant improvement of performance of the organisations, thus other factors not in consideration play a key role in performance of firms.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the sum-up of results, conclusion obtained from the findings and recommendations. The conclusion and recommendations derived were focused on attending to the purpose of this study which was to examine the influence of competitive advantage strategies on performance of international fast food franchises in Nairobi, Kenya.

5.2 Summary of key findings

The research strived to examine the influence of cost advantage strategies on performance of international fast food franchises in Nairobi, Kenya. The finding indicates that cost management is very critical in ensuring the organization is able to compete effectively with other organization in the same industry. Cost factors effects the performance of the organization in terms of revenue, customer satisfaction and competitiveness of the organization. International fast food franchises in Kenya have adopted cost cutting strategies that are aimed to reduce the overall cost of operation for the organization.

The cost cutting strategies are diverse and they range from adopting economies of scale in production, optimization of the staff, adoption of recycling strategies and adoption of cost friendly measures of marketing. The study has further indicated that organizations are not only concentrating on reducing the costs but are also focusing on enhancing the excellence of goods and services at the lowest prices possible.

The findings reveals that the customers are not always attracted by low prices but majority of the customers for the international fast food chain stores are more interested on the quality of the products and services. Majority of the customers for

the international food chain stores are not price sensitive since the target customers are the high and middle level income earners in Nairobi city. Therefore the reduction of price has less significant effects on the levels of the organizations revenue. The regression analysis indicated a positive correlation amid the cost advantage strategies and the organization performance. Organization therefore should concentrate on reducing the overhead costs of operations in order to enhance the organization performance.

The study try to find the influence of differentiation strategies on the performance of international fast food franchises in Kenya. The findings indicated that differentiation strategies play an important role in enhancing organization performance. The findings revealed that differentiation has a positive relationship on the performance as evidenced by the correlation analysis. The study showed that the implementation of new technology in the fast food franchises has enabled the organization to gain competitive edge over other competitors. Technology has been used to come up with more innovative way of delivering quality services to the customers as well as new ways of packaging products. The organizations have optimized on delivery of unique products as a way of ensuring there is customer retention and eventually brand loyalty on the products. The study further revealed that the organizations have wide range of products that are not affected by the price changes either internally or externally.

These kinds of products are considered very unique and highly differentiated and therefore changes of price will not affect the consumption of the products. The findings indicate that the fast food franchises are less concerned about the imitations of the products since it is very hard to imitate with perfection. Each international fast food has a unique recipe or spice which is highly guarded as industrial secrets and cannot be shared with the rest of competitors. This helps the organization to retain its

own uniqueness and any imitation will have less significant effects on the organization clientele or sales volume.

The study sought to examine the influence of focus competitive advantage strategies on performance of international fast food franchises in Nairobi, Kenya. The study has revealed that focus strategies play a significant role in determining the organizations level of performance. The study indicated a positive correlation between the focus strategy applied and the performance of international fast food franchises in Nairobi City.

The study revealed that International fast food franchises in Kenya have taken advantages of economies of scale which ensure that the cost of production per unit is significantly reduced and this results to reduction in the price of the products. The organizations need to further focus on producing quality products at a low price but not focus much on the effort to reduce the cost while they compromise on the quality.

A positive relationship between focus differentiation strategies and performance was established, developing unique and differentiated product give high chances for the consumers to be less sensitive to price changes. Resulting to increased sale, customer satisfaction and high customer retention rate. The study indicated that organization needs to continuously differentiate the products to as to meet the consumer's dynamic needs. Focus strategies has also allowed these companies to have location target sales that contribute to performance in the long run. The findings also indicated that there is a great need in considering the culture of the customers in a given locality so as to ensure the organization doesn't infringe on their beliefs and culture.

The findings further reveals that the International fast food franchises in Nairobi, Kenya have less focus on the gender and the age of its customers since their products

can be consumed by all irrespective of the gender and age based on differentiation focus.

5.3 Conclusions

From the foregoing results, the report concludes a positive correlation between cost advantage strategies and accomplishment of International fast food franchises in Nairobi Kenya. The reduction of the cost of operations has a direct impact on the organization profitability. The organizations have put in place cost cutting measures that would eventually reduce the cost of operation and therefore increase profitability. International fast food franchises in Kenya have taken advantages of economies of scale which ensure that the cost of production per unit is significantly reduces and this results to reduction in the price of the products.

The organizations need to further focus on producing quality products at a low price but not focus much of their efforts to reduce the cost while they compromise on the quality. The study has established a positive relationship between differentiation strategies and performance of International fast food franchises in Nairobi City. Differentiation strategies enable the organization to gain competitive edge over the competitors.

The organizations need to apply the modern technology as a tool of enhancing the organization uniqueness. The ability of the company to differentiate its product will result to high customer retention rate as well as creation of brand loyalty. It can finally be deduced from the findings that focus strategies have a direct impact on the organization performance. The ability of the organization to identify a niche in the market and eventually developing strategies to satisfy that gap is very important in sustaining the organization performance. The organizations need to critically consider

the target consumers and thereafter deliver products that satisfy that segment of the market. From the findings, international fast food franchises in Nairobi city have focused on satisfying the needs of high and middle level class in Kenya.

This has influenced the location of such chain stores and eventually resulted to high performance for the fast food stores. The organizations have also considered the existing culture so as to ensure quick penetration to the market by providing products that are in line with the culture of the Kenyans. The organizations have largely focused on maintaining effective processes which guarantee quality final product for the consumers. Focus strategies are essential in ensuring all the needs of the target market are met and eventually these results to high performance for the organization.

5.4 Recommendations

The study has established a positive correlation between cost advantage strategies and performance of international fast food franchises in Nairobi, Kenya. The study therefore recommends that the organization need to strive to be the cost leaders in the market. This will involve taking advantage of economies of scale and adopting cost cutting measures that reduce the overall costs of operations in an organization.

This will enable organization to gain cost advantage over its competitors and eventually will result to increased profits and customer satisfaction. The study further recommends that organization need not only concentrate on the cost of product but also strive to provide quality products at a low price. The study has established a positive correlation between differentiation strategies and performance of international fast food franchises in Nairobi, Kenya. The study therefore recommends that the organizations should continuously strive to differentiate their products so as to meet the dynamics needs of the consumers.

The customer needs are not static and therefore the organizations need to invest on research and development so as to come up with innovative ways of differentiating their product from that of other competitors. The organizations further need to invest in new technology that will help in designing new methods of enhancing customer satisfaction. Differentiation of product and services will result to high profits, brand loyalty and increased customer satisfaction.

The study has established a positive correlation between focus strategies and performance of international fast food franchises in Nairobi, Kenya. The study therefore recommends for the organization to thoroughly assess the market in order to identify the gaps and eventually develop products that can satisfy that gap in the market. Identification of the target customers is very critical in determining the kind of products to offer and therefore it is recommended that organizations should first identify the target market before developing the product. This will ensure that the product in sale has the capability to satisfy the customers need.

5.5 Suggestions for Further Study

The present study has examined the effects of competitive strategies on performance of international fast food franchises in Nairobi, Kenya. The variables for the study included evaluation of cost advantage strategies, differentiation strategy and focus strategy but according to the findings the variables collectively represent only 32.9% of the variables affecting performance of international fast food franchises in Nairobi city. Therefore there is need to evaluate other variables which represents the 67.1 % on the effects of competitive strategies on performance of international fast food franchises in Nairobi, Kenya.

Further study needs to assess the effects other than growth strategies and the effect it has on performance of the organizations. The study has focused on the performance of international fast food franchises in Nairobi, Kenya. To adequately examine the influence of competitive advantage strategies on performance, there is a need of further studies on other sectors such as private sector and Small and medium sized enterprises and financial institutions. This will help to understand how other sectors performance is affected by the competitive advantage strategies adopted in such an organizations.

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APPENDICES

Appendix I: List of International Fast Food Chains in Kenya

Fast Food Outlet	Country of Origin	Popular Product
KFC	U.S.A	Chicken
Hoggers Steers Debonairs Pizza	South Africa	Flame grilled chicken Pizza
Innscor Galito's Pizza Inn Creamy Inn Bakers Inn	Zimbabwe	Flame grilled chicken Pizza Ice-cream Pastries
Teriyaki Japan	Japan	Grilled Chicken
Snack Attack	U.A.E	Chips
Subway	U.S.A	Sandwiches
Hoggers Domino's Pizza Cold Stone Creamery Ocean Basket	U.S.A	Pizza Ice-cream Sea Food
Burger King	USA	Burgers

Source: Nairobi County Government registry 2016

Appendix II: Questionnaire

This questionnaire is designed to collect data from managerial staff among International fast food franchises in Nairobi, Kenya on the competitive advantage strategies and performance they apply.

PART A: GENERAL INFORMATION

1. Name of Franchise.....
2. Year of incorporation.....
3. What is the country of origin of the organization
4. Duration of operation of the organization in Kenya
5. Product or service franchise is best known for.....
.....
6. Period the franchise has operated in the country-

Less than a year ()	1-5 Years ()		
6-10 Year ()	11-15 Years ()	Over 15 years ()	
7. How many employees does the organization have?

1-5 ()	11 -15 ()		
6-10 ()	Over 15 ()		
8. How many branches does the organization have in Kenya?

1-5 ()	11-15 ()		
6-10 ()	Over 15 ()		
9. How many branches does the organization have within Nairobi?

1-5 ()	10-16 ()		
6-10 ()	Over 15 ()		

PART B: COST ADVANTAGE STRATEGY

Indicate the extent to which you agree with the following statements on influence of cost advantage strategies on performance of international fast food chains in Nairobi, Kenya

Using a scale of 1-5 where; **1-Not at all, 2-To a little extent, 3-To a moderate extent, 4-To a great extent, 5-To a very great extent**

Cost Advantage		5	4	3	2	1
1	Reduced cost of operation has increased the profits					
2	Cost cutting strategies have led to low cost management compared to competitors					
3	We offer low cost, high quality products					
4	Overhead costs have been effectively managed and reduced					
5	Low prices of products attract consumers					
6	Low income earners are more attracted by reduction in prices					
7	The organization takes advantage of economies of scale to reduce the costs of products					
8	The switching cost of fast food products is low					
9	Low price of products affect the profit margin					
10	Low costs of products have reduced new entrants to market					

PART C: INFLUENCE OF DIFFERENTIATION STRATEGY ON PERFORMANCE

Indicate the extent to which you agree with the following statements on influence of differentiation strategies on performance of international fast food chains in Nairobi, Kenya

Using a scale of 1-5 where; **1-Not at all, 2-To a little extent, 3-To a moderate extent, 4-To a great extent, 5-To a very great extent**

Differentiation - Competitive strategy		5	4	3	2	1
1	Use of latest technology has enabled differentiation of our product					
2	Differentiation has resulted to high quality Products from competitor					
3	Increased income from provision of unique product line					
4	Customer loyalty has been created as a result of unique product					
5	Brand loyalty created through special products					
6	We have a wide variety of products that have increased revenue					
7	We have a wide variety of products unique to the company					
8	We have products that compete without price placement					
9	Imitation is key concern with our products					

PART D: INFLUENCE OF FOCUS STRATEGY ON PERFORMANCE

Indicate the extent to which you agree with the following statement with regards to the influence of focus strategy on performance of international fast food chains in Nairobi, Kenya

Using a scale of 1-5 where; **1. Not at all, 2. To a little extent, 3. To a moderate extent, 4. To a great extent, 5. To a very great extent**

Focus – Competitive strategy		5	4	3	2	1
1	The organization has capitalized on the specialized knowledge on fast food industry to enhance performance					
2	Age consideration is a key factor in satisfying the customer needs in the organization					
3	Gender consideration is a key factor in satisfying the customer needs in the organization					
4	Social status consideration is a key factor in satisfying the customer needs in the organization					
5	Organization is focused on capitalizing on the strong brand loyalty					
6	Culture consideration is a key factor in satisfying the customer needs in the organization					
7	Organization is focused on streamlining product processes which guarantees quality final product					

PART E: FIRM PERFORMANCE

Indicate the extent to which you agree with the following statements on competitive strategies on the performance of international fast food chains in Nairobi, Kenya

Using a scale of 1-5 where; **1-Not at all, 2-To a little extent, 3-To a moderate extent, 4-To a great extent, 5-To a very great extent**

Firm Performance		5	4	3	2	1
1	Competitive advantage Strategies enhance Profitability of firm					
2	Organisation growth (increased branches) are sue to competitive strategies leading to performance					
3	Customer satisfaction have increased sales and boost performance					
4	Customer retention is key for growth of the firm					
5	Employee loyalty satisfaction affect performance					
6	Environmental compliance e.g. safety standards is key in enhancing performance					
7	Social Performance e.g. perceived image from public is a key strategy in growth					