BLUE OCEAN STRATEGY ON SUSTAINABLE COMPETITIVE ADVANTAGE AT COCA COLA KENYA LIMITED

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DECLARATION

This project is my original work and has not been presented for a degree in any other University.

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The project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

The research project is dedicated to the Almighty God and to my family more so my parents, Rev Ichoho and Mrs. Ichoho, my husband Lau, brothers Lenny and Paul and my sister Mercy, for the support and encouragement whilst taking this proposal. I want to thank them deeply from the bottom of my heart.

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ABBREVIATIONS AND ACRONYMS

CEWABU	Central, East and West Africa Business Unit
BOS	Blue Oceanic strategy
SCA	Sustainable Competitive Advantage
RBV	Resource Based View
R&D	Research and Development
STC	Saudi Telecom Company
SMART	Specific Measurable Achievable Relevant Time-Oriented
M&E	Monitoring and Evaluation
CFV	Collaboration for Value
TCCC	The Coca Cola Company
CCBA	Coca-Cola Beverages Africa
NPD	New product development

ABSTRACT

Strategic thinking has been pre-occupied with competition, competitive strategy, competitive benchmarking, competitive advantage, outperforming competition. By doing so, most businesses simply extend what their competitors are doing by trying to outdo them by doing what their competitors are doing better which regresses their strategic thinking towards the competition. Thus rather than focus on beating the competition, the strategy of blue ocean ensures that the firm innovates itself to come up with a new market that has no competition allowing it to break free from the highly competitive market and achieve a competitive advantage that is sustainable. The objective of this study was to determine how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. This research used a case study research design. The study employed face to face interview as a primary data collection method. The researcher used the interview guide to gather information from the selected top management staff of Coca Cola Kenya. The interview guide had open-ended questions. The study targeted sixteen respondents from Coca Cola Kenya. The researcher used a Likert scale questionnaire for collection of data. To supplement secondary data obtained from other sources was used. The data recorded during the interview was reconstructed. The data analysis procedure included cleaning of the data and also checking for errors and omissions. Analysis of the secondary data was done qualitatively. The responses from the interview were reported by descriptive narrative arising from content analysis. The data was analysed using content analysis. In testing the importance of the model, the coefficient of determination (R2) was applied to measure the degree to which the variation in sustainable competitive advantage is explained by the variations in blue ocean strategies. The study found that the Company by the help of managers applies four steps in order to come up with effective marketing strategies: gathering facts; developing goals or objectives and measures to be pursued; develop strategies by having tactical plans and by performance management use of PDR through the Human resource. The study also established that product proper route coverage (distribution), innovations uniqueness, affordable pricing and promotion leads to an increase in product awareness, increased sales thus increased profitability. The study recommends that the management of Coca Cola Company should diversify their products and introduce healthy drinks due to the change in customer preference which is healthy drinks. Because of competition the company faces the study recommends that Coca Cola Company should try venturing into new markets that's venturing into new product line and also come up with new ways of differentiating their products in terms of age, taste preferences and production of noncarbonated products for the health conscious individual to attract more customers. The management of Coca Cola Company needs to hire professionals who can come up with effective marketing strategies these will ensure that they increase their sales thus profitability.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Blue oceanic strategy advises enterprises to focus more on the alternatives they have of doing business rather than on their competitors. Additionally, they should focus on their potential customers rather than on the already existing customers. The increase in innovation and the changes that has continued to happen in the last few years has promoted academicians and business owners to look for a model to run businesses that is much more dynamic than the Porter's (1985) classic five forces model. The strategy of blue oceanic gives a firm strategic choices and also improves its ability to compete in a dynamic market the strategy in this case does not seek to provide ways for the firm to be at the top of the competition, but to make competition in any industry irrelevant (Kim & Mauborgne, 2005).

There are many theories that have been put up on how the strategy is used by enterprises so that they can successfully compete in the market and how they use to gain a sustainable competitive advantage. The research focus on the porter's competitive theory, miles and snow theory, the beach theory and the theory of value innovation that focuses on how a firm can beat its competitors however the blue oceanic theory renders competition irrelevant. The explained theories were relevant in the study as they illustrated how the blue oceanic strategy is the best choice for firms who wish to achieve a sustainable competitive advantage.

The market for soft drinks have continued to grow and today the drinks have overtaken hot drinks and they are being considered as one of the most popular in the beverages market (Manoj, 2014). In line with the growing demand the soft drink sector is also being faced with challenges and new opportunities. The consumer's preferences and demands are always changing which brings in the need for the sellers of soft drinks to come up ways to maintain the already loyal customers and to attract others (Nandagopal & Chinnaiyan, 2013). In a market faced with high competition, companies that sell beverages have a responsibility to offer quality products, distribute their products, maintain security while offering them at affordable prices, launch new products to meet the needs of their customers and look for ways to attract new customers (Chia-Hsien Chu, 2015).

The Kenyan soft drinks industry has various players that compete in terms of business strategies, size of products and the range of products. Since Kenya got its independence, firms have not been able to match up their game to that of the Coca-Cola Company. In the 1980s the Soft drinks industry in Kenya was controlled by that one company however today Coca Cola has had to change its strategy due to newer firms that has entered the market. Some of the reasons that have led the firm to look for a new strategy include technological innovations, regulation from the government, changing consumer demands and buying patterns, globalization and internalization, relaxation of restrictions in marketing by consumer bodies, pressure on improvement of quality and movements that look into service quality. The change in the lifestyles, characteristics, educational, economic and social profiles of the different clients have led to the launch of new products and rebranding of the already existing ones.

1.1.1 Concept of Blue Ocean Strategy

Two scholars came up with the strategy of “Blue Ocean” Kim and Mauborgne (2005). The two divided the market into two: the blue ocean and the red ocean. The red oceans were the already known markets or those that exist. The blue oceans are the unknown markets or those that do not exist. Every firm that intends to use this strategy is expected to overcome certain hurdles which are associated with the firm including motivational, cognitive, political, and resource challenges (Kim & Mauborgne, 2005).

The firm’s long term profits should be negatively related to the firms in the particular market. According to their argument, it is possible for organization to seek and find markets where they can comfortably exceed their profits expectations without competition. Firms that use the blue ocean strategy look at the market and develop a new need which leads to the development of a new service or product to solve the need. The red oceans are full of competition and the best way for organization to find a sustainable solution is to exit from such oceans and accept the challenge of seeking for a blue ocean. The firm in this case develops a new market where there is no competition and even for the long term competition may be irrelevant (Kim and Mauborgne (2005). The firm that creates the blue ocean exists in a monopoly market as it may be the only firm in the industry. For blue oceans to be created managers in firms need to think hard and push their limits (Guillaume, 2011). The red oceans are markets whose competitors, strategies and products are known. Competition is usually based on pricing the products at low prices and production of quality products.

There is so much crowding in the market and each of the organization her seeks to increase its market share. The actors in the market know their positions and it is very hard for a new firm to enter and make it in such a market. There are limited revenues and growth because of the stiff competition (Guillaume, 2011). For organizations that want to move forward, the best solution is to come up with a blue ocean. There are factors that have promoted many firms to choose the blue ocean solution including innovation, market share, prices, globalization and technology. The move allows the firm to seek a different direction after creating a new demand. In such a case the firm comes up with an undisputed market where the firm sets the rules of the game and the factors that affect the new market. The new value jump renders competition irrelevant (Guillaume, 2011).

1.1.2 Sustainable Competitive Advantage

Competitive advantage is when a player in the market has a superior advantage such as differentiation or lower cost when compared with the competitors marginal cost in the product production, Peteraf and Barney (2003),. "An enterprise has a Competitive Advantage if it is able to create more economic value than the marginal (breakeven) competitor in its product market (Peteraf & Barney, 2003). The Economic Value created by an enterprise in the course of providing a good or service is the difference between the perceived benefits gained by the purchasers of the good and the economic cost to the enterprise" (Peteraf & Barney, 2003). This research use the term sustained competition to mean competition that has persisted for a long time.

This definition of a sustainable competitive advantage is advantageous theoretically as it saves researchers the challenge of specifying the time an organization should have a competitive advantage so as to term this as sustained competitive advantage. Firms are able to have a competitive advantage when they are able to successfully provide customers with their needs in a more efficient manner than their competitors. Competition in the market and new firms entering the market push firms to seek ways to have a competitive advantage so as to guarantee their survival (Barney, 1991).

According to Damanpour, (2006), a company has sustainable advantage whenever it has an edge over its rivals in getting customers and defending against competitive forces. In order for a firm to come up with a competitive advantage that is sustainable, they should put effort in providing what the buyer view as a superior value. This includes goods of high quality at an affordable price or good quality product worth high pay.

1.1.3 Blue Ocean Strategy, Strategic Choice and Sustainable Competitive Advantage

Strategy allows a firm to choose the type of business to engage in, enables the firm come up with the long term goals it seeks to achieve, efficiently allocates resources so as to reach these goals and seeks to gain a sustainable competitive advantage in its undertakings by being responsive to the opportunities and threats in the industry and being aware of its strengths and weaknesses. Additionally, strategy also allows the firm to engage all its stakeholders in decision making and in defining the contributions it intends to make to the economic lives of the stakeholders (Hax & Majluf, 1991).

Some companies have strategies at three different levels namely: corporate, business and functional (Ansoff, 1991; Pearce & Robinson, 1991). Each strategy level has a different focus. Corporate strategy concerns itself with defining the overall mission of the firm. This can be within the same industry or even in diverse industries. It therefore gives the widest scope of the firm's activities and deals with how a company's resources may be allocated across the various businesses (Pearce & Robinson, 1991).

Concern is on sustaining a competitive edge for each business unit. Emphasis at this level is put on integrating the firm's functional activities in order to attain the desired competitive competence (Hax & Majluf, 1991; Pearce & Robinson, 1991). The functional strategy addressed the efficient utilization of the allocated resources. It involves managers addressing coordination of activities within their functional business areas. These activities are important for purposes of effectively supporting the business unit strategy (Hax & Majluf, 1991).

1.1.4 Soft Drink Industry in Kenya

The soft-drink industry is made up of those firms that produce nonalcoholic drinks, carbonated mineral water or uses syrups and concentrates to come up with carbonated drinks. Currently the soft drinks market is on an upward trend and most customers have abandoned the use of hot drinks and resulted to taking soft drinks (Manoj, 2014). Amidst the growing demand, there are the challenges and opportunities that the firms in the industry are exposed to.

The change in the demands of customers has promoted firms to develop new strategies to maintain their current customers and attract others (Nandagopal & Chinnaiyan, 2013). In a market faced with high competition, companies that sell beverages have a responsibility to offer quality products, distribute their products, maintain security while offering them at an affordable price, launch new products to meet the needs of their customers and look for ways to attract new customers (Chia-Hsien Chu, 2015).

The increased demand for soft drinks and the challenges in the industry coupled by new developments has increased the need for forms to come up with ways to meet and exceed the preferences and needs of their customers. It no longer possible to ignore the soft drinks industry in today's markets (Banumathy & Hemameena, 2015). Since its inception in the 1830s, the soft drink industry has continued to grow with new technology and increased availability of unique products (Manoj, 2014).

The major players in the Kenyan market include: Coca-Cola, Delmonte, Pepsi Cola and Picanna juices (Giathi, 2013) and currently Bidco. Soft drink industry is one sector in the economy that has shown key growth in terms of the proliferation of brand and products. The fierce competition has forced the players within the industry to try and diversify their product range in an effort to better satisfy the customer. This has led to copy-cat tendencies amongst the players. Virtually all players have similar product ranges in terms of flavors offered in the market.

1.1.5 Coca Cola Kenya Limited

The Coca-Cola Company is one of the biggest global firms. The firm produces more than 500 brands of beverage drinks and carbonated water (Carnegie, 2011). The Kenyan branch is found in the Central, East and West Africa Business unit (CEWABU). The branch manages eight franchises including Mt Kenya bottlers in Nyeri, Nairobi bottlers in Nairobi, Coastal bottlers in Mombasa, Equator bottlers in Kisumu, Kisii bottlers in Kisii, Coca-Cola juices Kenya limited in Nairobi and Rift Valley bottlers in Eldoret.

Coca-Cola Kenya is a market leader, since its share in the Kenyan industry is the largest and it is the ones that determine how competition is in the industry since it sets the prices, distribution, advertising, intensity, product introduction and technology. It expands the market increases its market size and also maintains its share so that it can continue to dominate the industry. The firm has continually enjoyed large profits and the largest market share but this trend has been facing other threats especially from the juice producing firms in Kenya. For instance Pepsi Cola is constructing a 2.4 billion production facility in Babadogo and Thika roads.

Consumers today prefer drinks that are healthier which include natural juices rather than those with preservatives. Although Coca-Cola still enjoys increased sales most of their carbonated drinks sales are likely to decrease because of the increased awareness of the risks of these drinks which include including cancer and obesity. Coca-Cola therefore has the needs to come up with a strategy to continue its dominance in the market.

1.2 Research Problem

Strategic thinking has been pre-occupied with competition, competitive strategy, competitive benchmarking, competitive advantage, outperforming competition. By doing so, most businesses simply extend what their competitors are doing by trying to outdo them by doing what their competitors are doing better which regresses their strategic thinking towards the competition. Their actions therefore achieve no more than incremental improvements or imitation, but not innovation. In the knowledge economy, strategy should shift its focus from becoming better than the competition to looking into expansion of the existing markets and creation of other markets (Kim & Maughborne, 1999). Thus rather than focus on beating the competition, the strategy of blue ocean ensures that the firm innovates itself to come up with a new market that has no competition allowing it to break free from the highly competitive market and achieve a competitive advantage that is sustainable.

Over 75% of soft drink companies in Kenya employ red ocean strategies to outperform competitors and acquire many customers in the existing insurance market (George, 2008). Only less than 10% of soft drink companies have attempted to implement blue ocean strategy by offering new products in the target market. Coca-Cola Company that is based in Kenya is today facing a threat in terms of the juice companies that are now selling healthy drinks and preserved soft drinks (Okal, 2016). The change in demand from the consumers as they now prefer healthy drinks rather than soft drinks due to the preservatives is also another threat to Coca-Cola Kenya which sells preserved soft drinks.

For a company like Coca Cola Kenya to survive and thrive, it has been forced to differentiate its products mainly through unique strategy implementation. However, most of the previous innovations adopted by most companies are more of strategies in the "red ocean" than being in the "blue ocean". So it would be necessary to analyze the blue ocean strategy used by Coca Cola Kenya as a strategic choice to sustainable competitive advantage.

Empirical studies done internationally include; Alam and Islam (2014) studied on the Impact of Blue Ocean Strategy on Organizational Performance in Bangladesh: A literature review toward implementation logic. The study used adopted document analysis method. The findings of the study showed that when blue oceanic strategy is used in firms it affects their performance. The study effectively explains if the use of BOS is the best way to increase the performance of any organization. Overall, the study is significant in deciding the acceptance of BOS within the organization. Omboto (2013) who studied on the adoption of BOS by commercial bank of Africa limited. A case study research design was used. The study found that commercial bank of Africa limited indeed had adopted blue ocean strategy. The study failed to show how blue ocean strategy influence sustainable competitive advantage. Maina (2013) studied on the factors determining BOS in commercial banks in Kenya. A descriptive research design was used. The study revealed that the determinants of blue ocean strategy implementation were time taken on queues, operating costs, and overheads and indirect costs. This study failed to shows the use of blue ocean strategy as strategic choice by banks to gain competitive advantage.

Empirical studies reviewed have been conducted largely on banking sector which is a service industry and have different operating environment compared to Beverage Company like coca cola which is product oriented institution. The studies have also dealt with other aspects aspect of blue ocean strategy other than showing the use of blue ocean strategy as strategic choice by banks to gain competitive advantage. These studies have adopted different research methods and concepts to the current study. To the researcher, there is little empirical evidence on blue ocean strategy as a strategic choice to sustainable competitive advantage in Kenya. It is against this background that the study sought to fill the research gap by answering the following research question, how does the choice of blue ocean strategy influence sustainable competitive advantage of coca cola Kenya ltd?

1.3 Research Objectives

To determine how the choice of blue ocean strategy affect sustainable competitive advantage of Coca Cola Kenya Limited.

1.4 Value of the Study

The findings of the study may help in strategy building and value addition policy in the soft drink sector. This study may assist in improving the reforms in the soft drinks industry more so in the industry policy in Kenya. The study's establishments can help the individuals creating new policies to better the quality product offered by soft drink companies through emphasis on quality and healthy drinks that are of more value and less competition. The entire sector can benefit from the research findings more so the blue ocean strategy application. The research findings can also be used by managers of others sectors in enhancing sustainable competitive advantage.

Those scholars that may want to conduct more research in the area of the research can use the study to review existing literature and point out the gaps that exist so as to include in information that is already in existent. The study can further assist in enhancing the already existing policies for industrial regulations, company competition and organization performance. The study adds to the body of knowledge on use of Blue Ocean strategy as a strategic choice to sustainable competitive advantage.

This study contributes to theory building on the concept of blue ocean strategy and also acts as a theoretical reference point for coca cola and other institution in the beverage industry. The study findings will also contribute to the theoretical foundation on the use of Blue Ocean strategy as a strategic choice to sustainable competitive advantage.

This study chapter explores the background of the research study, research problem, study objectives and value of the study. This study was geared towards establishing use of Blue Ocean strategy on sustainable competitive advantage at Coca Cola Kenya limited. The next chapter deals with the literature review.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In the literature review chapter, the researcher reviews past work that has been done by scholars in topics that are related to the current area of study. Specifically, the study looked at the theoretical basis of the research, BOS and sustainable competitive advantage, empirical studies and knowledge gaps and lastly the conceptual framework. This chapter reviewed several theories and a method of explaining the reason and the way the strategy has been implemented in the organization in order to compete in the market and to gain sustainable competitive advantage.

The chapter lastly reviewed the empirical studies and knowledge gaps on use of blue ocean strategy as a strategic choice to sustainable competitive advantage. The study further reviewed the conceptual framework, showing the relationship between the concepts of the study. The conceptual framework explains the existing relationship between the independent variable of the study (supply chain value innovation, service value innovation and product value innovation) and the dependent variable of the study which is sustainable competitive advantage.

The empirical studies are review in line with the study objective that is; blue ocean strategies and blue ocean strategy and sustainable competitive advantage. By identifying studies done on Blue Ocean Strategy by other researchers. This enhances understanding of the current study. The research gaps showed the reasons why the study was done. It helps in identification of the gap the research aims to fill.

2.2 Theoretical Foundation

Theories exist so that they can help us explain, understand and predict a phenomenon. They also exist so as to extend the already available knowledge within the assumptions given. Theoretical framework holds and supports the research study theory. The framework gives a theory that can explain the problem of the research. The framework was made up of concepts, their definitions and references in the existing literature. Mi (2015) defined BOS as “BOS provides a theoretical framework and a practical roadmap for companies to break away from the cutthroat competition in existing industries and create new market space of profitable growth” and advocated that in market boundaries it breaks down the trade-off between value and cost by cognitive reconstruction of market elements under which view it argues that by strategic actions of micro-level actor, industry structure can be changed endogenously that needs alignment of value, profit, and people propositions of strategy in support of pursuing differentiation and low cost.

Thus the theory has basic axioms that lay the foundation and the theory body which compromises of prepositions that are logically interrelated and empirically verifiable. They are explanations about a phenomenon (Camp, 2001). With a Theoretical framework, the researcher is able to clearly view the world (Marriam, 2001). A number of different theories have been used to explain how blue oceanic strategies attain competitive advantage. According to Gray et al. (1995) the theories that seem to have been most successful in explaining the blue oceanic strategies in attaining competitive advantage are miles and snow typology, porter’s competitive theory and value innovation theory.

The framework should show that the researcher understands the concepts and theories that are related to the study topic. The theoretical framework is sometimes not easily available in the literature and the researcher is expected to review research studies, analytic models and the course material related to the subject under study. Several theories and strategies have been created to elaborate the reason and how strategy is used in an organization to have the ability of competing in the market and to gain sustainable competitive advantage. In this regard, theories such as miles and snow typology, porter's competitive theory and value innovation theory have been devised, but with the introduction of blue ocean strategy, competition is rendered irrelevant.

2.2.1 Miles and Snow Theory

Theory group's organizations into four different classes i.e. prospectors, defenders, reactors and analyzers. The groups are in line with the way organization reacts to the challenges they are facing such as engineering, entrepreneurial and administration challenges. The entrepreneurial challenge looks at the firm product market domain, the engineering challenge looks at the technology used and the distribution and production processes while the administration challenge looks into the innovation, rationalization and formulization of the firm's policies and structure (Miles & Snow's, 1978).

The researchers Miles and Snow have come up with different business-level strategies. Business level strategies are different from the corporate-level strategies as the former explains the ways used by a firm to compete in a given business while the latter looks into the business that an organization should engage in (Hambrick, 1983). Miles and Snow explain that all organizations are able to adopt patterns of strategic behavior that are stable so as to reach their goals within the environment in which they exist.

Miles and Snow (1978) suggested that the levels of business strategies can be categorized into 4: prospector, defender, analyzer, and reactor. Those organizations which follow the strategy of a prospector are very innovative and always try to explore new market and opportunities and also they are focused on growing and they are also risk takers. An organization following an analyzer strategy usually keeps the share in the market and also tends to be innovative, but they aren't innovative as those using prospector strategy.

According to Miles and Snow (2000), if an organization applies the reactor strategy they cannot possess a stable consistent strategic approach; it changes with the environmental changes, responding to it but not able to predict or change the happenings. Miles and Snow indicated that the three types of the strategies are the forms of the company that are stable that is, defender, analyzer, and prospector firms. If there exists an alignment of the selected strategies and the structure of the organization as well as the processes, then these strategies could help a company to attain competitive advantage in any sector. On the other hand, if the strategies are not aligned with the structure, the outcome is that the company stops being effective competitor in the sector.

2.2.2 Porter's Competitive Theory

This theory was developed by Porter in (1980). According to the model, a firm can only follow three strategies which are focus, cost leadership and differentiation strategies. The model is built upon the dimensions of segment differentiation and scope of business. Abell (1980)'s grouping also suggest that only three generic strategies exist which are focus, differentiation and undifferentiated strategies. There are scholars though who have questioned these generic strategies as according to them they are not flexible and are also limiting. Porter's theory of the competitive advantage gives an advanced tool used in analyzing competitiveness with its effects. It adds to the knowledge on significance of competitive advantage of nation's trade and production internationally. It concentrates towards personal industries or clusters of industries, where the principles of competitive advantage are put into use. His theory starts from personal industries and develops to the entire economy.

Porter emphasizes that a firm should only use one strategy as failure to follow this rule lead to "stuck in the middle" situation (Porter, 1980). Porter (1980) explains that if a firm uses more than one strategy the firm loses its focus and thus no clear direction on the undertakings of the firm. The idea is that differentiation leads to more costs which are not in line with the strategy of low cost and also standardized products that have features that are acceptable to clients will not have any differentiation (Panayides, 2003).

Porter did argue that the target of the strategy is cost leadership, or differentiation, or focus. The claim of Porter was that a firm should select at least one of the three risks in which the business waste its precious resources on. On the other hand, research conducted by Kim (2000) identified companies that outperformed their competition within a given industry using Blue Ocean Strategy, which it creates a market with no relative competition. In contrast from Porter's theory that strategy is regarded as deciding between differentiation and low cost and the ones that opt for BO apply both the low cost and differentiation.

2.2.3 Value Innovation Theory

The cornerstone of BOS is value innovation, which pursue low cost and differentiation at the same time which in return creates value for the buyer and the firm (Amit and Zott, 2012). Value to purchasers is as a result of utility that is offered subtract its cost, and since the firm generates its value from the price the offer subtract the cost, then value innovation is attained when the entire system of price, utility, and cost align. To achieve this, the following questions can be answered: what are some of the factors that the sector is taking for granted; which factors can be lowered below the standards of the sector; which are the factors that can be raised above the standards of the sector; what are some of the factors that can be offered that the industry has never offered.

There are two main parts of strategic canvas, diagnostic and action framework. Diagnostic refers to the current state of the market space that is known while action framework is a framework of 4 actions which are applied in formulating new BOS for a company that already exists in the market (Amit and Zott, 2012).

First, it is important to do away with those factors that are not in the same level with the standards of the industry. They are the factors which the company spends a lot to fulfill them but they are less meaningful to the company competitive advantage and has no profitability. Secondly, there is need of reducing reduce factors below the standards of the industry. They are the factors that the company designs overly during the completion. They are very stressful to the company structure of the cost that in the long run the company gains very little from them (Kim and Mauborgne, 2005).

Thirdly, the raise factors need to be raised above the standards of the sector. They are the factors that are of great importance to customers but have been ignores by the company in their competition. Most of the time, their input is not enough. Fourthly, the create factors need to be created because they have never been offered. Hey are the factors capable of creating new demand for clients and also create a new market for the company. The last one is the Eliminate-Reduce-Raise-Create Grid which can be used in identifying new market, It supplements the other four acts which motivates firms to do away with, create, lower, and develop factors. It is easy for managers to understand and assist their firms to come up with new market space in a more economical way (Amit & Zott, 2012).

From the time that BOS was created, the theory that it can create a new demand from a market that is not known it as gained fame and it’s now the famous one in fields of business administration. The theory is continuously being improved. Kim and Mauborgne (2004) gave a proposition that BOS assists companies in building their brands and coming up with brand equity which last for a very long period of time. Kim and Mauborgne (2005) did explain demand in BOS; reason behind importance of the business strategy; difference between innovation and strategy. Despite BOS being different with innovation, it’s a good strategy in achieving value innovation (Kim and Mauborgne, 2005). All companies can apply the use of these strategies in getting rid of factors in competing upon and coming up with something new for the market (Kim and Mauborgne, 2007). For business that is diverse in an industry that is multiple, competitiveness and structure of the company need to be considered in coming up with strategies for the firm (Kim and Mauborgne, 2009)

BOS is a new strategy leading a firm to leave the current market and venture in new markets therefore lowering cost and having a new base of customers from other sectors and therefore leading to increased competitiveness in the sector. The new market always existed but the managers ignored this market. The theories do away with the boarders of the sector and therefore help the company to compete in the market. The sector that is explained by the old theories might not be real. The old sector might have ignores those products that yield the company high profits. Competition is directly and indirectly affected by substitute products in the new sector but the role they play has been marginalized.It could be a good idea for firms in all sectors to venture into new markets that lack competition.

2.3 Blue Ocean strategy

BOS or value innovation management is the strategy that restructures the strategic challenge from involving in competition to make competition irrelevant (Leavy, 2005). “WHEN WE ASK PEOPLE to define what BOS is and what drives its success, we typically get one of three answers. Some see it as fundamentally about how to reconstruct market boundaries and offer a leap in value to buyers. Others see the essence of BOS as about unlocking business model innovation through strategic pricing, target costing, and the like so a company can seize new customers profitably. And still others see it as fundamentally about releasing the creativity, knowledge sharing, and voluntary cooperation of people through the proper approach to employees and partners. All three are correct answers” (Kim & Mauborgne, 2015, Kindle Locations 2677-2682).

Low and Ang (2012) indicated that BOS is concerned with the growth demand and diverting from competition and being open minded towards business and trying to find new opportunities in markets that are not contested for and in doing so, competition loses its relevance. The BOS tactic emphasizes the value invention and argues the business may get over old-style trade-off that is fairly appropriate for very competitive circumstances in the international scenes. Haeriyazdi and Afsharjalili (2010) stated that creating a prosperous blue ocean strategy needs a new attitude analysis and a degree of ingenuity.

Today’s business world is very competitive the decision makers of the business are changing their strategy to sustain in the competitive business world. There are some of the strategies that have been created with the aim of creating new businesses and BOS enables a firms to come up with a business that is innovative which enable the company to be profitable.

BOS is a strategy whose main role is to attain success through analyzing market to achieve a wide acceptance by many organizations, The BOS duty in innovativeness assists the organization to survives in the market with high rate of competition (Dehkordi, Rezvani, & Behravan, 2012). Creating Blue Ocean is appropriate that assist in exploring opportunities in the market space which is the root of growth, it's recommended implementing BOS to break and speak out of box for those companies that want making difference, build future benefits from stakeholders (Low & Ang, 2012).

In the process where executives want to come up with a strategy, the first thing they consider is the environment that the business is operating in. the next step is that they consider the strength and the shortcomings of their competitors. Having the information about the industry and the competitors, they come up with a curve that is distinct and that will enable them to outshine their rivals and build competitive advantage. In order to attain this goal the firm has to select either differentiation or opt to pursue reduced costs.

The company has to make a proper alignment of the value chain in a proper manner coming up with strategies to be followed in manufacturing, to market and the HR strategies. Based on the set strategies, financials goals are set and the process of budget allocation (Chan & Mauborgne, 2015). The logic behind this is that the set strategies depend on the environment this means that the strategies are structured. The approach of structuralist rooted on paradigm of structure-conduct-performance has been dominating for the past thirty years in the strategies.

Based on this, the way a company performs is dependent on elements of structure like the population of suppliers and customers and also the barriers to new entrants (Churchill & Frankiewicz, 2012). It's a view that is deterministic in that causality flows to the decision of the corporate from external conditions and it focuses on exploiting the conditions. This approach of structuralist the system of the entire company participates and therefore there is need for the propositions to align with the various choice to pursue either differentiation or reduced cost where both of them are strategies in the sector. There are very low chances that a strategy may be successful if the profitability is aligned with differentiation and at the same time the proposition of individuals' targets lowered costs (Churchill & Frankiewicz, 2012).

The structuralist view consists of traditional strategy development theories that have often focused on evaluating a company's industry structure and boundaries with a view to determining its strategic choice and actions, and hence attaining its defined performance objectives. Bain (1968) in defining the structure-conduct-performance relationship postulated that industry structure governs a company's strategy or conduct, which in turn determines its overall performance. According to Martin (2002), the central hypothesis of the structure-conduct-performance is that structural behavior of a market is the determinant of the character of firms in that market. Structuralist follows a structure, conduct, performance thesis where the value of innovation does not come from important transformations in important conditions in the economy and achievements in technology.

The setup of the market put in place by supply and demand situations, which in turn becomes the determinant of performance. This indicates that in the market setup companies don't possess the ability of value addition thus their competition is a zero-sum game where the gain of one firm means that the other form is experiencing losses. It resembles a chess player, in that the firms put into work strategies in order to have competition in a trade-off that exhibits strict value-cost. Profits are also determined by the factors outside the company i.e. structural factors and companies principally (Schumpeter, 1999). In support of the structuralist view, Porter (1980) stated that the aim of competitive strategy is to come up with a position that is defensible for the firm in a well-defined industry. This is because the overall profit of the sector is determined in an exogenous manner by the structural factors. The main aim of the company is to capture then redistribute wealth and not to just create wealth. Considering the structure of the market as is, the kind of the strategic behaviors push firms to try curving the defensible position in the market that is existent that Kim and Mauborgne referred as Red Ocean. In order to remain sustainable in the market, the focus of managers is to build advantage over competition through the assessment of what is done by competitors and target to perform better by benchmarking.

The approach of structuralist is of great value and relevance but on the other hand, the approach of Reconstructionist is highly appropriate in some of the industries and settings of the economy. Therefore, the first duty of leaders in a company is to select the strategy that is appropriate based on the challenges that are faced by the company. Selecting the appropriate strategy is not all that is needed. They further need to ensure that the company aligns with the strategies in order to attain performance that is sustainable (Veleski, 2014).

In the strategic approach of reconstructionist, commendable performance is attained when the strategy proposition that attracts customers; profitable proposition enabling the firm to make money; and people proposition motivating those individuals working with the firm to carry out the differentiation and lowered cost strategies. Aligning which support differentiation as well as lowered cost makes it possible for the firm to venture into new markets through breaking of value-cost trade-off that already exists. It gives a chance to the strategies to shape structure. In addition it results to strategies that are sustainable in either of the approaches that the company decides to take. Despite the fact that it is possible for the two strategies to be imitated it is not possible to imitate all the three because the people strategy is inimitable (Veleski, 2014).

The BOS evolves primarily from the Reconstructionist view of strategy, which holds that economic growth is the result of internal forces, originating from within the organization itself (Kim & Mauborgne, 2005). Schumpeter (1934) made an observation on the forces that transforms the structure of the economy and the landscapes of the industry can emerge inside the system, with the main source being the creative entrepreneur.

According to Romer (1994), the growth of the economy is a result that emerges from inside the economic system, and not the outcome of exogenous factors. Furthermore, Christensen (1997) observed that disruptive kind of technology comes up with new innovation which causes the collapse/end of already established markets. Henry (2008) pointed out that Porter’s 5 Forces assumes a zero-sum game whereby success in any given industry can only be achieved at the expense of other players.

The Five Forces framework has been further criticized as being a static analysis that makes the assumption that markets are static. It had been noted by Hamel and Prahalad (1994) that many organizations face change that is discontinuous in the competitive environment and that the disruptive forces that cause this change are actually accelerating. According to Pitta (2009) Reconstructionist view gives a suggestion that value innovation can happen in any firm at any given time; this is possible by cognitive reconstruction of data already in existence and market elements in a fundamentally new manner.

Hamel and Prahalad (1994) in the past decade came up with a new form of business culture referred to as “prospecting” that gives a business a chance to think in a different manner. They argued that there is nothing like evolvement in an industry but rather that the companies try to change the current obstacles in the sector; those practices that are acceptable, draw new boundary for segments, set up new performance expectations to understand the structure of the sector is not the same as to reshape it; to keep track of the competitive advantage is different from creating new advantage. Energy as well as proactive rationale for advantage developing and re-engineering of the sector is possible through foresight, stretch, and leverage. Based on the view of Reconstructionist, Kim and Mauborgne proposed the logic of BOS based on recognizing done by managers and the simplest concept that the structure and boundaries in the market is only existent in people’s minds.

This logic is referred to as “value innovation” the reason is that the main focus is not to beat the competition but the focus is to get out of the competition and venture into a new market by creating value to customers and the company (Kim and Mauborgne, 2005). Those individuals who hold this view are not restricted in their thinking and drawing, in Hamel and Prahalad’s words, the “grand vision of the future”. Based on the view of structuralist thinking, it considers the structure of the market as is where the managers try to figure out how they can increase demand in the market that isn’t contested commonly referred as “*blue ocean”*. Kim and Mauborgne gave a challenge to managers to shift their focus to the unknown markets from the known markets

Value innovation is the pillar for BOS whereby organizations begin focusing on driving buyer value up while simultaneously driving down the company’s costs, in contrast to purely benchmarking against the competition and current industry standards (Kim & Mauborgne, 2005). In enhancing value innovation that lower organizational costs while driving buyer value up, the Four Actions Framework was developed by Kim and Mauborgne (2005).

The four key questions consist of determining: what factors within the firm needs to be removed; what elements need reduction; what elements need to be increased; and which elements needs to be created in a quest to minimizing costs while simultaneously increasing buyer value accordingly, it’s through the pursuit of the first 2 primary questions on reduction and elimination that the firm acquires knowledge on how to manage its cost elements compared to its rivals.

The last two questions on creation and raising certain industry factor that new source of value for buyers and new demand are enhanced. Amit & Zott (2010) postulated that value innovation is essential in creating and appropriating value, especially in times of economic change. Kim and Mauborgne (2005) explained that value innovation is a strategy in business activities. They did a study of more than thirty firms from various sectors and established that the businesses whose main focus was innovation of the improvement of value to their clients usually performed better that the companies they were competing with. After researching on new business ventures from a hundred various firms, it was established that majority (86%) were a representation of products that are incremental and improved services while the rest were pure value innovation. Through analyzing revenue and earnings of the businesses, it was established the overall revenue that was generated by innovators was 38% and the total profitability was at 61%. The findings establish that through value innovation, a business can attain sustainable competitive advantage. Edvardsson and Enquist, (2008), indicated that there are two aspects of value namely economic and ethical. According to the ethical aspect, value is judgment and according to economic view it is utility.

Holbrook (2006) stated that customer’s value has its foundation on four factors– interactive, relativistic, result and experience of users. Kim and Mauborgne, (2005), argued that shaping of value is done in done in the value chain, whose outlining and shaping is by clients and they are the ones who evaluate them basing on what they experienced and he value in its use. Peteraf and Barney (2003) creation of value implies the capability of creating added economic value in the product market in comparison to the marginal competitors.

Creation of value is explained as attaining some accomplishments that are fair in the future (Porter, 1985). Payne et al., (2008) stated that clients are co-creators that are proactive while the company acts as the facilitator in the creation of value. Christensen (2007) and Hamel (2000) indicated that creation of value by clients by fusing capacity and the model of the business assist also investors in that wealth is created for them. They have the perception that competition exists between innovative regimes that is competing and not among the products and services. All the activities of a firm are encircled in innovation, which bring the whole system forward i.e. the value of the clients and that of the firm. Kim and Mauborgne, (2005), suggested that Value innovation is the basis of BOS. In addition it also pursues lowered cost and differentiation which leads to improved value, creation of new demand, and creation of market space that is not contested. In addition, Value innovation is the theme of SCA which is more that innovation of product and services.

The main requirement of Value innovation is in-depth evaluation of the activities within the value chain in order to establish any improvement that leads to creation of added value to the clients. The considerations made by value innovator are all the processes of the business in the company and established the activities that need to be reduces or discarded and the ones that need improvements. Furthermore, it is the duty of value innovator to usher the activities into practice which will lead to creation of value to the clients. The value curve of a client is explained in details with the activities that create value to the clients. It is the duty of value innovator to evaluate the curve to ensure that it produces greater value to the clients (Hamel, 2000).

A strategy canvas, and a tool that is focused on action, provides a clear extent and capable features of products in the sector and the ones outside and also potential rivals having similar features. This tool is a framework comprising of four-action (elimination, reduction, creation, and rising). Elimination and reduction are the trials by the business to improve the advantage of low cost in the sector while creation and rising helps the firm in enriching its differentiation advantage. It is important that value creation be inimitable and unique. The foundation of BOS is to attain both low cost and differentiation as dynamics of value innovation. Creation of value innovation is done in a place where the actions of the firm favor the cost structure and proposition of value to its customers. By eliminating and lowering those factors that are being competed on in the sector, cost savings are made. There is boost to the value for buyers by increasing and coming up with other elements that have never been offered in the sector. In addition, cost is lowered due to economies of scale this is because of increased sales volume that is created by value at is superior (Pitta, 2009).

Strategies can be thought of and executed using value innovation which in result leads to creation of a blue ocean leading to escape from competition. One of the most important things is that value innovation goes against one of the acceptable dogmas of strategies based on competition; the value cost trade-off. It is believed that firms have the ability of creating greater value to their clients at a high cost or create value that is reasonable at low cost. Strategy is regarded as deciding between lowered costs and differentiation. Contrary to that, those pursuing BOS have to achieve lowered cost and differentiation at the same time (Pitta, 2009).

The main concern of blue oceans is increasing value to customers and having low costs at the same time. Through this, the company and the customers achieve a leap in value. The value of customers is attained from utility and price offered by the firm and because of this, the company attain value innovation only when there is proper alignment of firm's utility, price, and cost activities. This implies that value there is more to value innovation than just innovation. It's about the strategies that are embraced in the entire system of the activities of the firm. There is need for the company to orient the entire system towards the achievement of value leap for clients and the company. If this integral approach lacks, innovation may be divided from foundation of the strategies (Kim, 2005).Traditional competitive theories, such as those established by Porter, stress the significance of going for a tactic of a firm to use so as to uphold great concentration (Porter, 2008).

The differentiation strategy's goal is to create an exclusive product of extraordinary value to a wide range of customers. Customers pay a premium price for having their precise desires served through the improved value of the product. A firm can achieve competitive advantage through product differentiation. Differentiation strategies established on offering consumers with something that is unique from what rivals are offering or unique. Product differentiation strategy anchors upon the assumption that buyers are keen to pay a bigger price for a product that is satisfyingly dissimilar in some vital way. Competitive advantage is achieved because it makes customers more loyal-and less price-sensitive (Bordes, 2009). However, the BOS disagrees with Porter's theory by claiming that competitive advantage is gotten by concurrently searching variation and small cost.

The BOS denotes to this as Value Innovation, the outcome of cutting budgets while at the same time levitation the buyer worth. To realize differentiation, there is need to raise factors above the standards of the company or develop aspects which haven't been provided in the sector. Also, because of increased sales volume, due to generated value there could be further minimization of costs (Pitta, 2009).

A cost-leadership is realized through marketing a huge capacity of products at smallest price thinkable. To succeed with the cost-leadership plan, a company has to operate at a lesser cost than its competitors. The cost leadership strategy necessitates the sale of a standard product reinforced with competent pricing. This strategy therefore requires making a standardized product and underpricing everybody else. To achieve this cost leadership, a firm ought to purchase the most current plant in the industry for the sake of cost reduction leading to the use of capital-intensive production techniques. This cost leadership can also be achieved as a benefit derived from its cumulative experience and learning.

This can also be achieved when a firm has the advantage of controlling the larger market share (Porter, 2008). This way the company achieves a competitive advantage over its rivals. Managers can use principles in creating systematic frames of the uncontested markets in various parts of the industry. It helps the association decrease its hunt hazard by making the opposition unseemly, it proposes to concentrate on six routine limits of the opposition.

These six ways underlines on looking crosswise over substitute enterprises, looking crosswise over vital gatherings inside businesses, looking over the chain of buyers, looking crosswise over correlative item and administration offerings, looking crosswise over utilitarian or passionate interest to purchasers, and looking over the time (Kim & Mauborgne, 2005). As indicated by Becker (2010), blue seas mean every one of the businesses that are currently absent and are referred to as obscure market space. As market gets to be overcrowded, there is little gained by prospects of development as well as benefits. It is imperative to be effective and outperform rivals in the red sea (Barney, 2013).

Some methodology masterminds would see that the BOS thought might be more dangerous. Yet, actually, it’s a risk free system, meaning that BOS is not concerned with hazard taking, but rather minimization of hazard. By and by, any red sea association to make and catch Blue Ocean, basically confront the accompanying six key issues which rotate around the methodology plan and usage (Herdianti, 2010).

Look Risk, addresses how to effectively recognize the convincing blue sea openings out of the muddled red sea openings that exist today. Plan of action Risk addresses how to manufacture a solid plan of action that brings immense benefits (Becker, 2010). Hierarchical hazard evaluates how to win the authoritative obstacles and ultimately, management risk, that is locations how to inspire individuals to the best of their capacities.

The contemplations of these six hazard variables make the definition and execution of blue ocean technique more customary and noteworthy, in this manner driving the associations to misuse the open doors and decrease the hazard this at last empowers the association to have an upper hand over the contenders (Striss & Vodak, 2007). The importance of making a feasible upper hand has been worried by numerous scholars on system. For instance, Jack Welsh, a technique mastermind and a previous CEO of General Electrics watched that, in the case that one does not have upper hand do not contend (Hutchison, 2002). The cost-administration hypothesis discusses how to lure the clients by diminishing the expenses of the items, separation hypothesis discusses how to create high client esteem by thinking of extraordinary items, and the concentration system discusses how to set up the viability advantage by focusing on an area of market.

Grant (2008) supported this idea by arguing that if a firm tries following a great number of strategies concurrently, there is likelihood that they lose concentration and as a result lose their competitiveness. According to Barney (2013), Players in the Kenya deposit taking MFIs have been following Porter's generic principles over time. They have been seeking to gain competitive advantage by focusing on a particular niche market and being good in it, providing services that are of high quality, fast times for turnaround and a great variety of products. With time however, these factors are the norm and can no longer be considered competitive (Nyanjwa, 2009). Under these circumstances, a fast follower strategy for instance is not operational and a new growth engine is rarely established. Amid these challenges, the MFIs have mainly been focusing on untapped markets by adopting and implementing blue ocean strategies.

The growth of microfinance institutions is influenced by the way in which banks adapt to new technology. There is also evidence that various products, such as consumer loans, mortgage products and life insurance lend themselves more readily to different distribution channels, so by providing a multi-channel platform customer can be offered a more tailored and cost-efficient service dependent on their needs (Gichohi, 2014).

2.4 Blue Ocean Strategy and Sustainable Competitive Advantage

Today's markets are getting very crowded which reduces the possibility of profits and growth for the existing players. Due to the competition, the market becomes bloody thus given the name red ocean. All industries that aren't ion existing are Blue oceans. In a Blue Ocean, demand is created rather than being fought over. Opportunities in such an ocean exist for growth and profits; competition is irrelevant since the game rules have not been set yet. Blue Ocean describes the markets that are still untapped that have the potential to bring in more profits and less competition. The first is the focus on the development of markets that have minimal competition and the other is the focus and exploitation on the blue ocean. These two focuses are entirely different from the ones that most firms have used their resources on. The creation of blue oceans might require the use of leading-edge technology but it is essential to note that technology is not the only determinant of the development of blue oceans (Penrose, 2009).Both BOS and competitive strategy insists on the advantages of a company avoiding competition that is intense. In the framework for strategies that are competitive, avoidance of competition has a strong link with RBV of a company (Penrose, 2009) whereby the uniqueness of the resources reduces imitation and therefore creating competitive advantage that is sustainable and increased profitability (Barney, 1991).

To create blue oceans and achieve competitive advantage, Kim and Mauborgne (2005) indicated that firms must apply the opposite tactic. Companies can attain current demand with the probability for big profits and development and not to just benchmark with the rivals and changing the way they are thinking. This strategy therefore concludes that competitive advantage is not reliant on aggressive rivalry, costly marketing or R&D budgets, but it is based on clever calculated approaches which can be utilized in a systematic manner recognized firms (Becker, 2010).

Grant (1995) indicated that competitive advantage that is considered to be sustainable is viewed based on how durable, mobile and replicable. Durability measures how able and resilient a company is to ward of imitation from rivals. Mobility is the level to which transfer of resource between rivals can be done and replicability refers to how easily rivals can copy a resource (Chaharbaghi & Lynch, 2009). Basing on all those views, sustainability can be said to be made up of different subsets which are internal and also external to the company, Chaharbaghi and Lynch (2009) it can be said to be a dynamic process and not static. Sustainable competitive advantage can be said to be prolonged sustainability in strategies of creation and provision of value which is inimitable or cannot be implemented concurrently by the competitor company.

Recently Eisenhardt and Sull (2001) made a notable challenge facing competition and strategies by businesses. They argued that in order to meet the great changes in the environment, strategies need to be simple i.e. applying the use of one strategy and having several distinct rules that guide it. Eisenhardt and Sull (2001) suggested reversing some prescriptions of traditional strategies as follows: “instead of selecting a position or to leverage a competence, mangers need to choose some key strategies. Instead of responding to complex world using strategies that are elaborate, crafting of simple handful rules should be done. Instead to trying to avoid uncertainty they need to go into it” (Eisenhardt & Sull, 2001). They also indicated that strategies become temporal, i.e. made up of different moves through alternating of one or more distinct mixes in the organization. Later Eisenhardt (2002) made a conclusion that transformation in nature of the strategies affect sustainable competitive advantage due to the unpredictability of the span of time and because of this managers face a challenge in coping with uncertainty of whether the advantage exists or not.

2.5 Empirical Studies and Knowledge gaps

Samsul and Mohammad (2017) evaluated the effect of BOS on the way organization performs. The study reviewed literature on the logic of implementation. The focus of the study was showing the general scenario of BOS and how it affects the performance of an organization. The study covered the history of BOS, compared BOS with ROS, importance of using BOS, where it’s applied, critics, findings and the conclusions made. It was established that BOS has a positive impact on the way the organization performs in the companies that applies it. Generally, it can be concluded that BOS should be adopted in the company.

Alghamdi (2016) did a study on the duty performed by market knowledge in embracing BOS and how they affect attainability of competitive advantage. The study was conducted in Saudi Telecom Company (STC). The focus of the study was examining the level of realization of knowledge of the market and BOS by STC. The study targeted staff members at supervisory levels in the marketing department in STC. It was found that there were high levels of acknowledgement regarding; dimensions of market knowledge, BOS and competitive advantage. The study also established that dimensions of knowledge of the market and those of BOS were related and had some effect. Dimensions of BOS and those of competitive advantage were related and had some effect. The knowledge of the market and competitive advantage had some effect and they were related.

Kiptoon (2014) studied the effect of BOS on the way Bamburi cement limited in Kenya performed. The focus of the study was determining the effect of blue ocean strategy on the performance of the leading cement producer in the East African region. The study relied on both primary and secondary data establish the association of BOS implemented by Bamburi Cement Limited and the performance of the company over a fifteen year period. The study established that the aggressive implementation of new value innovations did strengthen the organization's strategic position. Nevertheless, it was also determined that whereas the blue ocean strategy did enhance the organization's growth potential, it was insufficient when applied in a rapidly evolving competitive environment.

Vester (2012) determined how the blue ocean strategy could be applied by electronic musical instrument companies to enhance their performance. The study assessed existing competitive strategies employed within this industry and the imperative to shift focus to creating uncontested market spaces, capturing new demand and pursing value innovation. The researcher further focused on determining the effective strategic response required by this company to create superior long-term leadership in its industry. Ngaruiya (2013) studied the value innovation application as foundation of BOS by Safaricom Limited. The focus of the study was to document that is used by the company in creating sustainable value for their clients through value innovation. It was established that the focus of the company was on the clients that already exist and those expected in the future and they capitalize on the knowledge of the economy, they invest on intellectual assets; this assets are regarded as highly strategic to maintain leadership.

Mwende (2016) evaluated the impact of BOS on competitive advantage of MFIs in Kenya. The study aimed at establishing the effect of blue sea systems on competitive advantage of microfinance foundations in Kenya. The study utilized a descriptive survey research outline. The population grasped 52 microfinance foundations which were individuals from Association of MFIs as at December 2015. The analyst utilized a questionnaire as the essential information gathering instrument. The study found that 64.9% of the variety in the competitive advantage of the microfinance foundations in Kenya was clarified by; separation, minimal effort technique, uncontested market space, opportunity and dangers and esteems development system.

Hersh and Abusaleem (2016) did a study on BOS and how it affects competitive advantage. The study was conducted in telecommunication firms in Saudi Arabia. The focus of the study was shedding light on the use of BOS at Saudi Telecom firms, the study it plays in attaining competitive advantage, and the level of adoption by the telecom firms. The study surveyed employees of the selected companies. It was established that competitive advantage and principles of BOS were strongly and positively related. The variables that displayed the strongest relationship were reconstruction of boundaries in the market and reaching past the existing demand while building execution into strategy had the least relationship.

Okechukwu, Ekwochi and Eze (2018) evaluated the impact of BOS on the way telecom companies South East Nigeria performed. The focus of the study was examining the impact of BOS on the market share and to determine the impact of BOS on clients' level of satisfaction. The research design used was cross-sectional descriptive where information was obtained from 225 individuals employed in the telecom companies using questionnaires. It was established that BOS affected the market share in the Nigerian telecom company and BOS positively and significantly affected the level of client satisfaction.

Bataineh and Alomyan (2017) investigated the effect of BOS on increasing competitive advantage on Commercial Banks (Irbid District) an empirical study. The focus of the study was to explore the effect of BOS on competitive advantage on commercial banks (Irbid District) by requesting the opinions of a sample from 3 levels of management within commercial banks.

The sample size was 135 respondents were they were given questionnaires containing 34 items, this questionnaire is used as a main tool for collecting date from the sample. Results showed a strong significant and positive influence between (create new value, reducing cost, and raising facilitating actions) and competitive advantage, and there isn't significant influence between eliminating business factors and competitive advantage.

Orlov and Chubarkina (2017) did a study on the application of BOS in planning and implementation course on projects of construction. The study was conducted in SMART housing and social infrastructure. The focus of the study was analyzing competition in the construction sector. The study analyzed the methodology of BOS and based on the analysis, the measures that relate with application of BOS in the planning and implementation of the projects were established. The findings revealed that implementation of the process allowed for the improvement of efficiency in the project construction course and therefore increasing competitive advantage of the developer.

Ngaruiya (2013) evaluated the use of value innovation as foundation of BOS at Safaricom Limited. The study was conducted among 24 senior managers in Safaricom Limited, Kenya. Data that was obtained was analyzed using content analysis. It was established that the company applied new solutions in their operation in order to meet the requirements of their clients, the service provision that was unparalleled increased their niche coverage which was the core aim.

Samsul and Mohammad (2017) evaluated the effect of BOS on the way organization performs. The study reviewed literature on the logic of implementation. The focus of the study was showing the general scenario of BOS and how it affects the performance of an organization. The study focused on BOS on performance. The current study focuses on BOS on competitive advantage. Alghamdi (2016) did a study on the duty performed by market knowledge in embracing BOS and how they affect attainability of competitive advantage. The study was conducted in Saudi Telecom Company (STC). The focus of the study was examining the level of realization of knowledge of the market and BOS by STC. The context of the study Saudi Telecom Company (STC), the findings cannot be generalized to Coca Cola Company since they are operating in different sectors in the economy.

Kiptoon (2014) studied the effect of BOS on the way Bamburi cement limited in Kenya performed. The focus of the study was determining the effect of blue ocean strategy on the performance of the leading cement producer in the East African region. The study focused on BOS on performance in Bamburi ltd. The current study focused on BOS on competitive advantage at Coca Cola Kenya limited. Mwende (2016) evaluated the impact of BOS on competitive advantage of MFIs in Kenya. The study aimed at establishing the effect of blue sea systems on competitive advantage of microfinance foundations in Kenya. The study context was microfinance institutions in Kenya. Hersh and Abusaleem (2016) did a study on BOS and how it affects competitive advantage. The study was conducted in telecommunication firms in Saudi Arabia. Okechukwu, Ekwochi and Eze (2018) evaluated the impact of BOS on the way telecom companies South East Nigeria performed. The above studies focused on telecommunication firms.

The current study context focuses on Coca Cola Kenya limited Kenya. Bataineh and Alomyan (2017) did a study on the impacts of BOS on increasing competitive advantage on Commercial Banks (Irbid District) an empirical study. This study focused on commercial banks. The current study context focuses on Coca Cola Kenya limited Kenya. Orlov and Chubarkina (2017) did a study on the application of BOS in planning and implementation course on projects of construction. The study was conducted in SMART housing and social infrastructure. The focus of the study was analyzing competition in the construction sector. The aim of the study was determining use of BOS in implementation; the current study focuses on BOS in competitive advantage.

From the empirical study it is evident that the literature has contributed much on blue ocean strategy. However, the studies were conducted in different contexts. Further the studies also focused on different concepts. The current study aimed to fill the research gap by determining how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a systematic, theoretical analysis of the techniques applied in a research study. Theoretical analysis on principles and techniques that relates with a given knowledge branch is included. It comprises concepts such as quantitative and qualitative techniques, paradigm, phases and theoretical model. The research methodology is not the method nor does it give the solutions for the research question.

The methodology provides an outline on how the research was done and also provides the methods that were used. The methods define the way data was collected or how the results were calculated. The methodology does not give the specific methods but it looks into the processers used in a particular procedure to achieve a goal. Methods also vary by whether they collect qualitative data, quantitative data or both.

This chapter presented the methodology of research. The chapter covers the research design, target population, the sample frame, sample and sampling techniques. In addition, the chapter also identified the data collection instruments utilized for data collection, the data collection procedure, pilot testing, validity and reliability of the research instrument, data analysis and presentation.

3.2 Research Design

A research design chooses the information and sources that helped in answering the research question; it also refers to the general strategy that the researcher selects in order to have distinct components in the research in an coherent and manner, thereby, making sure that they are effective in addressing the issue in the research. The framework specifies the existing relationship between the variables under study and also provides the blueprint of every procedure used in the hypothesis and analysis of data (Kerlinger, 2007).

This research used a case study research design as Kothari, (2006) explains a case study design organizes data and looks at the area of study as a whole in terms of a detailed examination of a single or a group of the subjects. The case study compresses a vast study area that is easy to research and that can be described in details, holistically and in context (Kombo & Tromp, 2006). As a form of qualitative descriptive type of research, the case study intensively investigates a personal or small participant pool, making conclusions about the individual or group (Mugenda & Mugenda, 2003).

Case study was suited for this situation since the study focused on new ideas of BOS. A case study looks in depth into a phenomenon rather than emphasizing on a survey. It compresses a broad research field into a small researchable topic. The study hence considered case study design that allowed for the collection of data from one source; Coca Cola Kenya and used to represent how the choice of blue ocean strategy affect sustainable competitive advantage of Coca Cola Kenya Limited.

3.3 Data Collection

The study employed face to face interview as a primary data collection method. Primary data is data that hasn’t been published which is from a new and original source. This is data obtained from first hand sources by use of observation, survey or experimentation. An interview guide was used as the only research instrument. The researcher used the interview guide to gather information from the selected top management staff of Coca Cola Kenya as they are the one aware of how the choice of blue ocean strategy affect sustainable competitive advantage of Coca Cola Kenya Limited.

The interview guide had open-ended questions. The study targeted sixteen respondents from Coca Cola Kenya. The researcher used a Likert scale questionnaire for collection of data. To supplement secondary data obtained from other sources was used. Interviews allowed the collection of comprehensive information on the questions being researched. In this kind of procedure of gathering primary type of data the person undertaking the research directly controls the process and the researcher has the opportunity of clarifying emerging problems during the procedure if need be.

Interviewing analyses words, reports, the views of the respondents in details detailed; but also provides an opportunity for the interviewees to “speak in their own voice and express their own thoughts and feelings” (Berg, 2007). As argued by Fenton (2000), the interviewer can not only make a record of what the respondent is speaking but can also check the body language i.e. non-verbal communication such as face-pulling, fidgeting, shrugging, hand gestures, sarcastic expressions adds meaning to spoken words.

3.4 Data Analysis and Presentation

The data recorded during the interview was reconstructed. The data analysis procedure included cleaning of the data and also checking for errors and omissions. Analysis of the secondary data was done qualitatively. The responses from the interview were reported by descriptive narrative arising from content analysis. The data was analysed using content analysis. Content analysis allowed the researcher to choose in a wide range of data volume to get the information he needs. It is an important method that can be used to describe the focus of a group, institution or person.

The method further allows for inferences which can be collaborated with other data collection methods (Weber, 1990). Content analysis that is qualitative in nature is not statistically significant. It gives the themes, patterns and the categories that are significant to the reality at the ground. Providing findings from qualitative content analysis is difficult. Most researchers use quotations to come up with conclusions (Schilling, 2006). The study incorporated other means to display data such as charts and graphs (Miles and Huberman, 1994). Qualitative research is more importantly interpretive, and the interpretation gives are a representation of the personal and theoretical understanding of the subject of research.

In testing the importance of the model, the coefficient of determination (R^2) was applied to measure the degree to which the variation in sustainable competitive advantage is explained by the variations in blue ocean strategies. F-statistic was applied also to compute at 95% confidence level to test whether there was any substantial link between blue ocean strategies and sustainable competitive advantage at Coca Cola Kenya Limited.

The study is expected to generate qualitative data demonstrating respondent's opinion on how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. The study findings provide the profile of the industry and that of the company, the blue oceanic strategy and the effects of blue oceanic strategies on Sustainable Competitive Advantage. The findings were presented in prose form.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers data analysis and the interpretation of the findings. The main objective of the study was to determine how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. In order to simplify the discussions, the researcher provided tables that summarize the collective reactions and views of the respondents.

The chapter is based on the interviews conducted with sixteen respondents from Coca Cola Kenya which gave a response rate of 100%. The response rate was very pleasing because the researcher did an early booking and made appointments with respondents prior to the interview date. Because of the busy schedule of the respondents the researcher had to remind them of the interview through phone calls.

The qualitative data collected was analyzed using content analysis based on the responses provided by the interviewees on the various interview questions hence establish research findings. Analysis and results are presented in order prose form.

4.2 Company and Industry Profile

The study sought to determine the profile of the industry and the company by asking the interviewees some questions. The information obtained is presented hereunder.

4.2.1 Strategy Development

The interviewees stated that Coca Cola Company uses various ways to develop an effective market strategy. The first way is by gathering facts; they do this by looking at their strengths and weaknesses, also the opportunities and threats that are posed by external factors (Political, Economic, Social, Technological, Legal and Environmental). Another way is by developing goals or objectives and measures to be pursued; it's done by highlighting the future direction of the business and its aims in the medium to long term and also describing the organization purpose and values.

Another effective way they develop strategies is by having tactical plans; they focus on the measurable results and communicating with stakeholders on what they need to do and when. He final way was performance management; this is done by continually reviewing all the objectives and action plans to ensure that they are still on the right track to achieve their intended goals. Managers are the ones who formulate the strategies, and sometimes they ask opinions from random individuals.

Coca cola beverages Africa has assisted Coca Cola Kenya Limited to develop their own strategies by benchmarking on the effective strategies and learning from their mistakes. Strategy development requires a range of competencies and institutional capabilities to translate policy goals into actionable steps that meet these goals. It is important that individuals have a thorough understanding of the health (or other) system through which the policy may be implemented, as well as the needs of the populations it seeks to serve. Institutions must be able to identify and secure the financial and other resources needed to implement the policy.

Individual and institutional leadership to bring diverse stakeholders together in the strategic planning process is also important, as is the ability to mobilize social participation to ensure that the strategic plan promotes equitable programming. Lastly, monitoring and evaluation (M&E) skills are needed to effectively integrate M&E indicators into the strategic plan to monitor the policy's implementation and impact.

4.2.2 Strategy Implementation

The interviewees stated that by implementing the strategies formulated the company experienced a positive increase in their general performance, sales have increased and also there has been expansion in regions supplied with the products. The main reason that can be attributed to the major growth is gathering information and studying the market trend and the trend of consumers (healthy living). The interviewees also stated that because of their innovativeness and consumer satisfactions their company has had an increase in the market share.

Effective strategy implementation should achieve clarity of future direction, design internal action approaches, make proper choices and priorities, deal effectively with organizational changes and uncertainties in external environment, build team work and expertise based on resources, processes and people and develop effective strategies to improve competitive advantage. The elements that require consideration during the implementation process and this include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change and organizational culture.

The interviewee indicated that the company has adopted mergers with training consultants in order to improve the company adoption of blue ocean strategy to enhance sustainable competitive. This has been implemented by first engaging the management who are supposed to share with their respective departments. The company has come up with enticements that enhance the strategy implementation.

4.2.3 Handling of Competition

The interviewees stated that the organization company handled competition by differentiating their products and stepping up their market positioning statement; through advertising and viral campaigns on social media. The interviewees also mentioned that the organization design products/services that compete in existing market space as part of the strategy formulation.

The interviewees added that the organization puts into consideration value addition when formulating and implementing their strategies. Additionally the organization breaks the value-cost trade off by use of blue oceanic strategies. According to the responses given competition has been enhanced by having different products to enhance customer verity. The management has patent their products to avoid contour faints.

The interviewees stated that the company has ensured that the innovation of the product is topnotch in order to bring new products to the market cycle and to improve on the current products by giving it a new taste. To note is coca cola soft drink which has a verity of original and no diet coke. This targets the normal customers and those with special conditions like diabetes or even those who avoid sugar.

4.2.4 Products Marketing

The respondents indicated that some of the brands that are in the Kenyan uncontested market include; coca cola, sprite, Fanta etc., Dasani and minute Maid. They indicated that the reason behind it is because their products are unique, good quality, affordable and readily available Therefore customers prefer using coca cola company products.

The interviewees stated that by use of Blue Oceanic buyer utility which outlines 6 utility levers (Productivity, Simplicity, Convenience, Risk, Fun & Image and Social Responsibility) used to deliver exceptional utility to buyers and also the various experiences buyers can have with a product. The interviewees indicated that the company offers their products at very affordable prices. Despite the low prices of the products the company still attains its cost target to profit because of the large volumes of sale and low cost of production.

The interviewees stated that the company has resulted to marketing its product via social media that include Facebook, twitter and Instagram. The main aim is to target the youth consumers of the coca cola products which has seen the sales grow by a 6% profit margin. The marketing on print media and electronic media is mainly done during the festive seasons like, New Year, Easter, Diwali and Christmas.

4.2.5 Hurdles and Rivalry

Interviewees indicated that the major adoption hurdles in actualizing business idea faced by the company is resistance by retailers, the health bill, customers have become more health conscious thus reduction in sales**.** Social –economic hurdles (e.g. the status of the economy that may affect consumption), Weather conditions that adversely affect not only consumption but also distribution of our products.

Respondents indicates that despite the rivalry in the market not being high, Taxes are the major barrier the company faces when entering their products in the market; the government poses high tax rates which hinder their growth and ability and profitability. Another barrier to entrance is the heavy capital investment required especially in the manufacture of the carbonated products.

The company is addressing the issues because it is necessary in order to have a successful blue oceanic strategy. The interviewees indicated that the level of rivalry in the market is not very high because of their long existence in the market and good marketing strategies they have adopted. The interviewees further stated that they expect a rise in the competition due to emergence of new companies dealing with similar products and with no restriction of new entrants indeed at any given time we have new prospects coming in.

4.3 Blue Ocean Strategy

The interviewees indicated that the company creates superior value for the customer and the organization by use of low cost strategies such as increasing profits by reducing costs, while charging industry-average prices and increasing market share through charging lower prices, while still making a reasonable profit. They also indicated that the company applies differentiation strategies by making products different from and more attractive. Differentiation involves features, functionality, support, and also brand image that customer's value.

The interviewees indicated that the blue ocean strategies developed versus the typical competitive strategies developed by the organization are distinct in that Blue ocean strategy is about pursuing both differentiation and low cost while traditional competitive strategy differentiation is achieved by providing premium value at a higher cost to the company and at a higher price for customers. Additionally they indicated that the company reached the strategies deliberately.

The respondents stated that the value innovation put in place targeted market, management and profitability. The interviewees indicated that competitive advantage, customer preference, goals and governance are some of the drivers that made the company to consider the adoption of blue oceanic strategy.The respondents also indicated that the company had to change their branding, marketing strategies, introduction of new products and lowering prices for the purpose of gaining stronger customer value proposition. The company had to reanalyze customers' needs, competitors' offerings, and the firm's strength to be outstanding within the share market.

The interviewees also indicated that through product distribution and promotion the company was able to increase customer awareness of the product, increased sales thus increased profitability and also they experienced increase in market share. The 3A strategy ensures we are always available whenever and wherever we are required, and ensuring that we are acceptable and affordable to our esteemed consumers. The interviewees further indicated that the marketing department is involved in the blue ocean strategy development and supervision process. They also added that in order for the company to monitor and evaluate the effectiveness of the strategies they use customer feedbacks, profits, market share and growth.

4.4 Effect of Blue Ocean Strategy on Sustainable Competitive Advantage

The interviewees indicated that the company has successfully adopted ways to deals with competition challenges, one key strategy stated was (New product development, NPD) and involves being innovative by developing products that are in line with the changing consumer tastes and preferences moving away from the traditional carbonated products. This has also seen the emergence of the CSD “lights” without calories and a variety of juice flavors, targeting new markets, differentiating their products and stepping up marketing strategies.

The interviewees added that the strategies were effective since they’ve seen the company growth in terms of geographical and profitability. The interviewees indicated that the company has adopted structuralist View of Strategy where the strategies are developed in consideration with the existing environment. The organization also uses Value innovation strategy where by the organization focuses on driving buyer value up while simultaneously driving down the company’s costs.

Value addition is key in their strategies the collaboration for value (CFV) strategy outlines that in whatever they do there should be value added both to the company, and to the esteemed customers and valued consumers, a good example is the RTM strategy that saw the consolidation of smaller distributors into big ones. There was value to the company in that distribution costs were lowered, they came up with healthier distributors who are making money and the consumers get the products at recommended prices due to route effectiveness.

In contrast to purely benchmarking against the competition and current industry standards; the blue oceanic strategies the company has adopted assists them in dealing with competition. Interviewees indicated that the strategic pillars that have led to this growth include a step change in Route to market strategy in most of the countries, Continuous product development and Innovations (this year for example they have 54 innovations) and diversification into adjacent categories. Those strategies were very effective since they are still the leading company in the country and have the greatest market share. The interviewees were also asked to comment on the trends in aspects that relate with competitive advantage.

The results are as shown in Table 4.1 below.

Table 4.1: Trends in Aspects of Competitive Advantage

variables	Greatly decreased	Decreasing	Constant	Improved	Greatly Improved	Mean	Std. Dev.
Sustained growth rate	0	1	3	10	2	3.813	1.008
Sustained firm profitability	0	0	2	11	3	4.063	1.149
Sustained growth of aggregate productivity	1	1	2	8	4	3.813	0.839
Capacity of the firm to penetrate new markets	1	2	5	7	1	3.313	0.691
Sustained success against foreign competitors	2	4	6	4	0	2.750	0.505
Sustained firm's export quotient	0	1	8	7	0	3.375	0.873

Source: Research data 2018

From the findings, the interviewees indicated that the company's Sustained growth rate; Sustained firm profitability and Sustained growth of aggregate productivity have improved. They also indicated that Capacity of the firm to penetrate new markets, Sustained success against foreign competitors and Sustained firm's export quotient had remained constant.

4.5 Discussion

Coca Cola Company has various ways of developing effective strategies. They gathering facts, have tactical plans and benchmarking on the effective strategies and learning from their mistakes. The company has been able to deal with competition by differentiating their products and stepping up their market positioning statement; through advertising and viral campaigns on social media. The main reason why people select Coca-Cola products is because they offer their products at very affordable prices.

The findings are in line with Kiptoon (2014) who established that the aggressive implementation of new value innovations did strengthen the organization's strategic position. Nevertheless, it was also determined that whereas the blue ocean strategy did enhance the organization's growth potential, it was insufficient when applied in a rapidly evolving competitive environment. The same findings were similer with Vester (2012) study that shows how the blue ocean strategy could be applied by electronic musical instrument companies to enhance their performance. The study assessed existing competitive strategies employed within this industry and the imperative to shift focus to creating uncontested market spaces, capturing new demand and pursing value innovation.

Further Bataineh and Alomyan (2017) results showed a strong significant and positive influence between (create new value, reducing cost, and raising facilitating actions) and competitive advantage, and there isn't significant influence between eliminating business factors and competitive advantage. The company faces several challenges in their operations which include resistance by retailers, the health bill, customers have become more health conscious thus reduction in sales. The company adopted Blue ocean strategy because of competitive advantage, customer preference, goals and governance. By adopting blue oceanic strategy the company pursues both differentiation and low cost.

The above findings were in line with wende (2016) who found that differentiation and low cost of the microfinance foundations in Kenya was clarified by; separation, minimal effort technique, uncontested market space, opportunity and dangers and esteems development system. Also a study by Ngaruiya (2013) and Becker (2010) established that the company applied new solutions in their operation in order to meet the requirements of their clients, the service provision that was unparalleled increased their niche coverage which was the core aim. It further revealed that the management of the company has a clear definition of the concept of their products as the objective of the terms of their clients for the purpose of delivering expected value by striving to make sure that there is extension of range of products, product replacement, improvement, repositioning and introduction of new products to ensure that the company is more productive, increases its investment, perform better and grow faster.

The company has benefited from the blue oceanic strategies because they have been able to increase growth in terms of geographical and profitability. It has also assisted them in dealing with competition. Other advantages are that they have had Sustained growth rate; Sustained firm profitability and Sustained growth of aggregate productivity have improved. The findings were in line with Okechukwu, Ekwochi and Eze (2018) who established that BOS affected the market share in the Nigerian telecom company and BOS positively and significantly affected the level of client satisfaction. The same findings are in line with Orlov and Chubarkina (2017) and Penrose (2009) study that revealed that implementation of the process allowed for the improvement of efficiency in the project construction course and therefore increasing competitive advantage of the developer.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main objective of the study was to determine how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. The study used interview guide to gather information from the selected staff of Coca Cola Kenya as they were the ones aware of how the choice of blue ocean strategy affect sustainable competitive advantage of Coca Cola Kenya Limited.

This chapter presents the summary of the findings, conclusion, recommendation and finally the areas for further studies. The summary of the findings were presented in three subsections; the first section was on the profile of the industry and the company, the second subsection was on blue oceanic strategy and the final subsection was on the effects of the blue oceanic strategies on sustainable competitive advantage.

The study also provided conclusions on the study based on the findings of the study. The chapter also presented recommendation based on the conclusions that were made. And finally the chapter presented suggestions for other studies that may be conducted in the future. The summary of the findings are presented below.

5.2 Summary of Findings

This section provides the summary of the findings on how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. The findings are presented in three subsections: 5.2.1 which covers the profile of the company and that of the industry; 5.2.2 covers the blue oceanic strategy and 5.2.3 covers effects of blue oceanic strategy on sustainable competitive advantage.

5.2.1 Company and Industry Profile

Coca Cola Company uses various ways to develop an effective market strategy. The first way is by gathering facts; they do this by looking at their strengths and weaknesses, also the opportunities and threats that are posed by external factors (Political, Economic, Social, Technological, Legal and Environmental). Another way is by developing goals or objectives and measures to be pursued; it's done by highlighting the future direction of the business and its aims in the medium to long term and also describing the organization purpose and values.

Another effective way they develop strategies is by having tactical plans; they focus on the measurable results and communicating with stakeholders on what they need to do and when. The final way was performance management through PDR; this is done by continually reviewing all the objectives and action plans to ensure that they are still on the right track to achieve their intended goals. Managers are the ones who formulate the strategies, and sometimes they ask opinions from front liners that's the sales people who are people available in the market and also from random customers.

Coca cola beverages Africa that's the Parent company (TCCC) play a critical role in the development of individual countries strategy say for example Kenya and Uganda. Since bottlers like CCBA are different entities from the Coca-Cola Company, there is always alignment at different levels of strategy formation. At group level, the Coca-Cola Company gets representation in the strategy formation so as to ensure the overall company's vision is incorporated in their strategy. This also takes place at the country level where the same representation takes place. Indeed, both the Coca-Cola Company and the bottlers are so intertwined such that most of their activities are tackled jointly.

Implementing the strategies formulated the company experienced a positive increase in their general performance, sales have increased and also there has been expansion in regions supplied with the products. The main reason that can be attributed to the major growth is gathering information and studying the market trend and the trend of consumers (healthy living). Coca Cola Company handles competition by differentiating their products and stepping up their market positioning statement; through advertising and viral campaigns on social media. They also design products/services that compete in existing market space as part of the strategy formulation. Some of the products that are in the Kenyan uncontested market include; soft drinks such as coca cola, sprite, Fanta etc., Dasani and minute Maid. The reason behind it is because their products are unique, good quality, affordable and readily available.

The organization also applies Blue Oceanic buyer utility which outlines 6 utility levers (Productivity, Simplicity, Convenience, Risk, Fun & Image and Social Responsibility) in delivering exceptional utility to buyers and also the various experiences buyers can have with a product. The company offers their products at a very affordable price. Despite the low prices of the products the company still attains its cost target to profit because of the large volumes of sale and low cost of production. The major adoption hurdles in actualizing business idea faced by the company is resistance by retailers and partners. The company is addressing the issue because it is necessary in order to have a successful blue oceanic strategy.

The level of rivalry in the market is not very high because of their long existence in the market and good marketing strategies they have adopted. The company expects a rise in the competition due to emergence of new companies dealing similar products. Despite the rivalry in the market not being high, Taxes are the major barrier the company faces; the government poses high tax rates which hinder their growth and ability and profitability.

5.2.2 Blue Ocean Strategy

Coca Cola Company creates superior value for the customer and the organization by use of low cost strategies such as increasing profits by reducing costs, while charging industry-average prices and increasing market share through charging lower prices, while still making a reasonable profit. The company also applies differentiation strategies by making products different from and more attractive than those of competitors, it involves features; functionality, support, and also brand image that customer's value.

The blue ocean strategies developed versus the typical competitive strategies developed by the organization are distinct in that Blue ocean strategy is about pursuing both differentiation and low cost while traditional competitive strategy differentiation is achieved by providing premium value at a higher cost to the company and at a higher price for customers. The company deliberately comes up with the strategies. The value innovation put in place by the company targeted market, management and profitability. Coca Cola Company adopted the blue oceanic strategy because of competitive advantage, customer preference, goals and governance.

The company had to change their branding, marketing strategies, introduction of new products and lowering prices for the purpose of gaining stronger customer value proposition. Additionally the company had to reanalyze customers' needs, competitors' offerings, and the firm's strength to be outstanding within the share market. Through product distribution and promotion the coca cola company was able to increase customer awareness of the product, increased sales thus increased profitability and also they experienced increase in market share. The marketing department in the company is involved in the blue ocean strategy development and supervision process. The company uses customer feedbacks, profits, market share and growth in order to monitor and evaluate the effectiveness of the strategies used.

5.2.3 Effect of Blue Ocean Strategy on Sustainable Competitive Advantage

Coca Cola Company has successfully adopted ways to deals with competition challenges. One key strategy was NPD (New product development) and involves being innovative by developing products that are in line with the changing consumer tastes and preferences moving away from the traditional carbonated products.

Some other ways are through customer satisfaction, targeting new markets, differentiating their products and stepping up marketing strategies such as the 3A strategy that ensures they are always available whenever and wherever they are required, and by ensuring that they are acceptable and affordable to consumers. The strategies were effective since the company has experienced tremendous growth in terms of geographical and profitability.

The company has adopted structuralist view of Strategy where the strategies are developed in consideration of the existing environment. The organization also uses Value innovation strategy where by the organization focuses on driving buyer value up while simultaneously driving down the company's costs. Value addition is key in all strategies; the strategy for collaboration for value (CFV) outlines that in whatever they do there should be value added both to the company, and to the esteemed customers and valued consumers.

The blue oceanic strategy the company has adopted assists them in dealing with competition. The strategies were very effective since they are still the leading company in the country and have the greatest market share. Additionally the company's Sustained growth rate; Sustained firm profitability and Sustained growth of aggregate productivity have improved.

Also Capacity of the firm to penetrate new markets, Sustained success against foreign competitors and Sustained firm's export quotient had remained constant. The company has strategic pillars that have helped them in growing and the strategies include a step change in Route to market strategy in most of the countries, Continuous product development and Innovations and diversification into adjacent categories.

The strategies were found to be very effective because the company is still leading in the country and it has the greatest market share. The study also found that the company's Sustained growth rate; Sustained firm profitability and Sustained growth of aggregate productivity have improved. They also indicated that Capacity of the firm to penetrate new markets, Sustained success against foreign competitors and Sustained firm's export quotient had remained constant.

5.3 Conclusion

The study found that the Company by the help of managers applies four steps in order to come up with effective marketing strategies: gathering facts; developing goals or objectives and measures to be pursued; develop strategies by having tactical plans and by performance management use of PDR through the Human resource. The Study therefore concludes that proper marketing strategies are very important in order for the organization to perform perfectly.

Competitors are very crucial in any business. The study therefore concludes that's its crucial for an organization to determine an effective way to deal with competition if not eliminating them e.g. by adopting proper marketing strategies. The study also established that product proper route coverage (distribution), innovations uniqueness, affordable pricing and promotion leads to an increase in product awareness, increased sales thus increased profitability. The study concludes that for an organization to succeed its crucial for them to adopt an effective way to promote their products.

Unique, good quality, affordable and readily available products are very important in order for an organization to have its products in the uncontested market. The study therefore concludes that it’s crucial for an organization to find proper ways to ensure that their products are in the market and that the strategies in place ensure that the customers are satisfied.

5.4 Recommendations and Implication of the study

The study recommends that the management of Coca Cola Company should diversify their products and introduce healthy drinks due to the change in customer preference which is healthy drinks. Because of competition the company faces the study recommends that Coca Cola Company should try venturing into new markets that’s venturing into new product line and also come up with new ways of differentiating their products in terms of age, taste preferences and production of noncarbonated products for the health conscious individual to attract more customers. Also product that have not been doing well in the market need more awareness through sampling, advertisement and price check an example is fuze Tea and Schweppes c+ which has not been doing well. The management of Coca Cola Company needs to hire professionals who can come up with effective marketing strategies these will ensure that they increase their sales thus profitability.

Some of the limitation of the study were, accessing the top management was not possible, for that reason I used the middle level management to gather my data, it also took me a number of days to collect my data, l had to run after this managers who are also quite busy and a times I would even miss out on them.

5.5 Areas of Further Study

The study sought to determine how the choice of blue ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. The study recommends similar study to be replicated in other coca cola companies in Africa in order to generalize the findings. Further study can be done in other industry other than soft drinks sector, especially in manufacturing industry to enhance comparison.

The study recommends studies to be done on factors affecting implementation of blue ocean strategy in Coca Cola Kenya Limited. The study further recommends a study to be conducted on factors that affect effectiveness of strategic management practices by soft drinks companies in Kenya

Further study should be done to identify some of the crucial factors that can be adopted in order to create effective way to promote their products, also how they can capture the market activities in an effective way without having to walk the market, also further studies should be done on how effective the companies can introduce their products and succeed with failure, what strategies can be employed.

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APPENDICES

Appendix I: Authorization Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 19 April 2018

TO WHOM IT MAY CONCERN

The bearer of this letter ......EMMAH WAMBUI KAMUHURO.....

Registration No..........D61/79039/2015.......................

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
21 JUN 2018
P.O. Box 30197 - 00100, NAIROBI

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Source: UoN, 2018

Appendix II: Interview Guide for Managers

SECTION A: COMPANY AND INDUSTRY PROFILE

1. How is strategy developed in your organization? Who or what is involved?
2. What role does your parent company, Coca cola beverages Africa, play in the strategy development process for the Kenyan and Ugandan market?
3. How would you describe your performance over this 15 year period? What strategic issues guided the development of this growth?
4. How has the market share of the company evolved over this 15 year period?
5. How do you handle competition from other companies which produce similar products?
6. As part of your strategy formulation, do you design products/services that compete in existing market space?
7. Do you consider value addition when formulating and implementing your strategies? How do you make or break the value-cost trade off?
8. Which of your products do you consider as existing in uncontested market space in Kenya? Why do you think so?
9. Could you please tell me more about how you beat your competition or make them irrelevant?
10. Is there exceptional buyer utility in this product?
11. Is your price easily affordable to the mass of users?
12. Can you attain your cost target to profit at your strategic price?
13. What are the adoption hurdles in actualizing your business idea? Are you addressing them up front?
14. How do you perceive the competitive situation in the industry? (Degree of rivalry?)
15. What are your expectations of the future competitive environment in the industry?
16. Which are the barriers to enter the market for your products?

SECTION B: BLUE OCEAN STRATEGY

1. Blue Ocean strategies involve creating superior value for the customer and the organization by simultaneously pursuing both low cost and differentiation strategies.

What strategies of this nature have been employed? Which year and in what subsidiary?

2. Is there a distinction in the blue ocean strategies developed versus the typical competitive strategies developed by your organization?
3. What approach was used in developing these strategies? Was it deliberate or resultant?
4. What role did your parent company play in the development of these strategies?
5. What aspects of your business were targeted in the value innovations deployed above? Which year?
6. What were some of the competitive drivers that forced you to consider this approach?
7. What part of the business were re-oriented towards gaining stronger customer value proposition through this strategy? What was the impact on the manufacturing process? What was the impact on product distribution and promotion?
8. Which departments were explicitly involved in the blue ocean strategy development and supervision process?
9. What review systems are in place at Coca Cola Limited to monitor and evaluate the effectiveness of the blue strategies?

SECTION C: BLUE OCEAN STRATEGY EFFECT ON SUSTAINABLE COMPETITIVE ADVANTAGE

1. Given that Coca-Cola Kenya faces various competition challenges, what strategies has it adopted to cope with the various challenges?
2. How effective have these strategies been?
3. Has Coca-Cola also adopted any of the following **Blue Ocean** strategies to cope with competition in the industry?

   (a) Structuralist View of Strategy

   (b) Reconstructionist View of Strategy

   (c) Value innovation strategy
4. How effective has it/they been?
5. What has been the trend of the following aspects of competitive advantage in your organization for the last five years?

	Greatly decreased **1**	Decreasing **2**	Constant **3**	Improved **4**	Greatly Improved **5**
Sustained growth rate					
Sustained firm profitability					
Sustained growth of aggregate productivity					
Capacity of the firm to penetrate new markets					
Sustained success against foreign competitors					
Sustained firm's export quotient					

Source: Coca-Cola Kenya, 2018

Appendix III: Plagiarism Test

BLUE OCEAN STRATEGY ON SUSTAINABLE COMPETITIVE ADVANTAGE AT COCA COLA KENYA LIMITED

ORIGINALITY REPORT

6%	5%	0%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	erepository.uonbi.ac.ke Internet Source	1%
2	Submitted to Kenyatta University Student Paper	1%
3	www.healthpolicyproject.com Internet Source	1%
4	www.blueoceanstrategy.com Internet Source	<1%
5	www.scitecresearch.com Internet Source	<1%
6	www.scribd.com Internet Source	<1%
7	iiste.org Internet Source	<1%
8	ifeama.org Internet Source	<1%
9	Submitted to Hickory Ridge High School	