

**COMPETITIVE STRATEGIES AND PERFORMANCE OF
SUPERMARKETS IN NAIROBI CENTRAL BUSINESS DISTRICT**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

2018

DECLARATION

I the undersigned declare that this Research Project is my original work and has not been presented in any other University for academic credit.

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This research project has been submitted for examination with my approval as the University Supervisor.

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ACKNOWLEDGEMENTS

I would like to give praise and thanks to the Almighty God for His guidance and protection throughout my life and also seeing me through my studies.

I wish to express my gratitude to my supervisor Dr. Regina M.K Kitiabi who took time to read and make the necessary criticisms, suggestions and corrections in the course of writing this project.

I would also like to extend my gratitude to the administration of the University of Nairobi through the university's library and the library staff that enabled me to access the various materials used in compiling this work. Special attribute goes to my class members and friends who through their persistence assistance and hard work saw the achievement of this study.

I am extremely grateful to my friends, Laurence Ngure, Elizabeth Kamiru and Jared Momanyi, for their support. Thank you very much and may God reward you abundantly. Again, my gratitude goes to my family members especially my parents Mr. and Mrs Gatoto.

DEDICATION

I dedicate this research project to my parents (Father Isaach Gatoto, Mum Monica Gatoto), my siblings (brother Wifred Kiiru, Elizabeth Wambui and Hannah Njambi) and for their love, support, patience, encouragement and understanding. They gave me the will and determination to complete my masters.

ABSTRACT

Competitive strategy is the long term plan that a firm has for it to achieve competitive edge over its rivals in the business environment. Success and survival of an organization in a competitive business environment depends on how well it relates to challenges and how it positions itself in the business environment. The main purpose of this study was to establish competitive strategies and performance Supermarkets in Nairobi Central Business District. Specifically, the study set to establish the influence of differentiation, market focus and cost leadership strategies on performance of Supermarkets in Nairobi. The study employed a cross-section survey where eight Supermarkets in Nairobi were targeted. Both primary and secondary information was collected where primary data was collected through a questionnaire and secondary data was extracted from financial statements. The study employed both descriptive and inferential statistics to analyze that data. From the analysis of the findings, it was revealed that differentiation, market focus and cost leadership strategies influenced performance of Supermarkets in Nairobi. Thus, it was recommended that organizations should produce products of different quantities for different markets. This would greatly increase their market base because they will be in a position to access wealthy customers who can buy in bulk and the ordinary customers who can only afford small portions at a time. That Supermarket in Nairobi should embrace cost leadership by applying efficient technology to its business processes to make the work more effective and reduce on unnecessary manpower. This will lower the operational costs of the business translating to lower production costs hence pricing of organisation products at lower prices that will attract more customers, leading to better performance.

TABLE OF CONTENT

DECLARATION.....	ii
ACKNOWLEDGEMENTS	iii
DEDICATION.....	iv
ABSTRACT.....	v
LIST OF TABLES	viii
ABBREVIATION AND ACRONYMS	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the Study	1
1.1.1 Concept of Competitive Strategy	2
1.1.2 Organizational Performance	3
1.1.3 Competitive Strategies and Organizational Performance.....	5
1.1.4 Supermarket Firms	6
1.2 Research Problem.....	8
1.3 Research Objective.....	10
1.4 Value of the Study.....	10
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Theoretical Foundation	12
2.2.1 Resource-Based View.....	12
2.2.2 Knowledge-Based Theory	13
2.2.3 Innovation profit theory	14
2.3 Challenges in the Implementation of Competitive Strategies.....	15
2.4 Empirical Studies and Knowledge gaps.....	16
CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction	19
3.2 Research Design.....	19
3.3 Population of the Study	20
3.4 Data Collection.....	20
3.5 Data Analysis	21
CHAPTER FOUR.....	24

DATA ANALYSIS, FINDINGS AND DISCUSSION	24
4.1 Introduction	24
4.2 Response rate.....	24
4.3 General information	24
4.4 Competitive Strategies	26
4.4.1 Differentiation strategy.....	26
4.4.2 Focus Strategy	27
4.4.3 Cost Leadership	28
4.5 Challenges Faced Supermarkets in Implementing the Formulated Competitive Strategies	30
4.6 Inferential Statistics.....	31
4.7 Discussion of the findings.....	33
CHAPTER FIVE	36
SUMMARY, CONCLUSION AND RECOMMENDATIONS	36
5.1 Introduction	36
5.2 Summary	36
5.3 Conclusion.....	37
5.4 Recommendations	39
5.5 Limitations of the study.....	39
5.5 Suggestions for further studies.....	40
REFERENCES.....	41
APPENDICES.....	44
Appendix I: Research Questionnaire.....	44
Appendix II: List of Supermarkets in Nairobi	48

LIST OF TABLES

Table 1: Highest Level of Education	24
Table 2: Age Distribution of the respondents	25
Table 3: Years in operation of the supermarket.....	25
Table 4: Differentiation strategy.....	26
Table 5: Focus Strategy	27
Table 6: Cost Leadership	29
Table 7: Challenges Faced Supermarkets	30
Table 8: Model Summary	31
Table 9: Analysis of Variance (ANOVA)	31
Table 10: Regression coefficients	32

ABBREVIATION AND ACRONYMS

ANOVA	Analysis of Variance
CBD	Central Business District
ELI	Empirical Leanness Indicator
GDP	Gross Domestic Product
KBV	Knowledge Based View
KMO	Kaiser-Meyer-Olkin
SPSS	Statistical Packages for Social Sciences
TESPOK	Telecommunication Service Providers Association of Kenya
US	United States

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Competitive strategy is the long term plan that a firm has for it to achieve competitive edge over its rivals in the business environment. Success and survival of an organization in a competitive business environment depends on how well it relates to challenges and how it positions itself in the business environment. Olanipekun (2015) states that irrespective of its size, businesses in the twenty first century have progressed towards becoming part of the business group that is globally influenced by occasions, societal change and pressures from all over the world. This can be credited to the way that business conditions are, intermittent, turbulent and profoundly forceful.

According to Porter (1985) a well formulated strategy will improve relationship among various stakeholders thus enhancing better performance of an organization. Furthermore, it is important to formulate a comprehensive strategy and relate the business to its environment. Maikah (2015) argues that organizations must come up with ways of sustaining their business performance, competitive advantage and increasing their probability to survive in today's cutthroat business environment.

This study was guided by three thematic theories: Resource-based theory which holds that firms' resources are the fundamental determinants of organizational performance (Rodriguez & Ruiz-Navarro, 2004). The second theory is the Knowledge-based theory which looks into knowledge as the valuable resource of which can be used by the firm to gain competitive advantage (Ludwig & Pemberton, 2011). The third theory was Innovation profit theory which revolves around the

products a company offers and infers that organizations which produce highly differentiated goods and services tend to make above normal profits.

The intensifying competition in the retail industry in Kenya is a great challenge for strategic management. This competition has been driven by quest for better sales turnover and customer satisfaction. For any supermarkets to succeed in competitive environment, it has to be driven by leaders who can inspire the workforce with a vision of being the best in the market. Kilavuka (2007) in her studies concluded that without core competencies, drive and commitment from management and employees sustain success in the business environment is impossible

1.1.1 Concept of Competitive Strategy

The competitive strategy is the search for a competitive state in an environment where the primary reason for existing is to set up a practical and productive position against the powers that control industry rivalry (Porter, 1985). It is a long-term action plan that is defused to help a company gain a competitive advantage over its rivals. Doorman (1980) similarly describes competitive strategy as taking action to influence defendable position in an industry, adjust adequately to competing forces and in this way generate a higher return on investment for the company.

Porter (1998) argues that competitive strategy is about being different from others in the industry which means deliberately choosing a different set of activities to deliver a unique mix of value. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Porter, (1980) gave two dimensional phenomenon's. The supply side he included the strategic scope

while on the demand side he include the strategic strength. He further simplified phenomenon into differentiation strategy, cost leadership and focus strategy. He linked the activities in which the organization set to achieve in the long run in achieving performance.

From a business point of view, competitive strategy identifies itself to the particular approach that a firm uses keeping in mind that the end goal is to prevail in a market. Porter (1980) views competitive strategy as a two aspects view with a supply side and a demand side; he later revamped the arrangement into three nonspecific techniques, to be particular "cost leadership" "differentiation" and "focus". These are strategies used at the business unit level and are known as non-specific strategies since they are not industry dependent (Cheshire & Kombo, 2015). Cost leadership is about reduction of economic costs which incorporate production, dissemination and promoting costs lower than the rivals in the industry (Barney, 2007). Differentiation is a technique that is utilized by a firm to make it one of a kind in its market thus acquiring a price premium through its differentiation, which cannot be easily replicated by competitors (Porter, 1985). Focus strategy on the other hand can be split into cost focus technique and differentiation focus strategy. Unlike the two it lays on the option of a restricted competitive range in the business environment (Porter, 1985).

1.1.2 Organizational Performance

Organisational performance is described as the way in which a firm accomplishes its market-based objectives and additionally its financial objectives (Yamin, 1999). Performance is an ongoing process and flexible procedure which includes manager and those they manage. They take a role of partners in a system created to empower them accomplish the required outcomes (Armstrong, 2006). Practising strategic management can be supported as long as it enhances the

firm's performance (Wheelen & Hunger, 2010). Performance in itself is the final product of the activities that it incorporates and the actual outcome of the strategic administration process (Cheshire & Kombo, 2015).

According to Cheshire and Kombo (2015), organizational performance comprises of three distinct areas of company results: Financial performance, commodity market performance and shareholder return. Harzing (2010) says that an organization performance may essentially be a reflection of changes in the market size or financial conditions rather than sales figures alone. A company's performance in respect to competitors can be measured by its share in the market. Firms try to build their business with respect to competitors essentially expanding their share in the market to profit from the economies of scale. Economies of scale can contribute in working up a cost advantage. Sales increase in a slow industry is the inspiration to enlarge the market share.

Any organization initiative, including retail industry, should ultimately lead to enhanced organizational performance. Firm's performance is measured in terms of trade performance. It is calculated on the basis of sales return, field, return on investment, output, market split and the manufactured goods growth (Neely, 2005). Kaplan and Norton (2011) introduced the balanced score card, (BSC) as a more realistic measure of performance. The balanced scored cards defines a strategy's cause and effect relationships and provide a framework to organizing strategic objectives into the financial perspective in line with the vision and mission. The BSC measures the financial aspect, customer services, learning and growth within the organization and internal business processes.

1.1.3 Competitive Strategies and Organizational Performance

Barney (2002) linked competitive strategy to performance. He argued that the only thing which distinguishes top performers from their competitors is the steady and consistent methods to construct and maintain this competitive essence. Many firms compete on the basis of a single point of differentiation but top performers balance, align and renew the three building blocks of performance. According to Barney, (2002) they include market focus position, distinctive capabilities and performance anatomy. Porter (1998) argues that the ability of a company to outperform its competitor depends on ability to take advantage of market Activity trends, ability to capture and protect unfair share of markets, ability to capture premium pricing, prudent creation and introduction of new products. This entails having people, processes and technology for execution excellence.

Porter (1990) proposed a strategy that requires a firm to identify growth segments, work at achieving operational efficiency and continuously enhance the quality of its products and services. The competitiveness of firms can greatly be improved if the chosen strategy is carefully executed by linking three processes: people, strategy and operation (Bossidy, Charan & Burck, 2002). Should a firm face difficulty in executing a particular strategy, then it is advisable for that firm to create an effective structure, enhance its communication, improve its information sharing, introduce incentives, control systems, institute adequate policies and procedures and employ an effective change management strategy (Hrebiniak, 2008).

Differentiation strategy enables a firm to be unique with regards to dimensions valued by the buyers (Mackenzy, 2011). This strategy allows a firm to choose particular product attributes perceived by the majority of buyers to be essential and then strive to meet this need in the

market. Producing products or offering services with desired attributes attracts a premium price. As much as differentiation strategy mostly allows a firm to choose a particular strategy, it still does not allow a firm to disregard cost Porter, M. (1980). Firms that can sustain differentiation strategy, and achieve it effectively usually becomes a performer in an industry.

Buyers may feel that the extra costs added on products and services are a times not worthy if they take into consideration similarities offered by available substitutes (Pearce & Robinson, 2005). Therefore, for this strategy to be used the customer really has to see value for their money and want to still purchase these products. While marketers select a segment to target their product on, firms create more fine-tuned products or services and price them appropriately for the target segment. In most cases firms select a distribution channel that they will use to deliver their products that other similar companies are targeting the same market (Brown, 2013).

Kaplan and Norton (2006), also suggest the use of the balanced score card as a strategy map that can help translate the strategy into operational terms. Ungerer, Pretorius and Herholdt (2002), state that the template for operationalizing the strategy must include nine important items: setting strategic goals, developing strategic measurements, developing strategic initiatives, establishing business goals, action to be taken by members of the team, spelling out responsibility of each team.

1.1.4 Supermarket Firms

Global trends influence the consumers' likeness and taste that has influence on the market demand in the supermarket leading to enormous growth. The increased population in towns has caused demand of goods and services causing a major transformation of the supermarket chains. Due to competition among the supermarkets to win the consumers and make their supermarkets a brand of choice, aspects of modernity in terms of elegance and comfort shopping experience

coupled with suitable business location to ensure convenient shopping are driving forces that ensure competitiveness. The ease of shoppers' convenience to access the shopping place is a critical aspect that determines the success of a supermarket. There has been a major trends of supermarkets to have stiff competition among themselves, as each aspiring to win loyalty of their customers by outwitting their competition. Due to the difference in customer's preference of various brands a growth in the market has been realized. Supermarkets being the major retail sellers in Kenya, they compete to win customer loyalty and reference to remain competitive (Moffat, 2016).

A Supermarket usually large in size has a wide are of selection as compared to shops and groceries and this helps to appeal customers since they can get all they want under one roof. Other benefits are ample parking and convenience since customers can shop till late hours. Mostly, Supermarkets which operate in Nairobi area have similar design and layout when marketing of their products. Some of the supermarkets operate as a chain (Tuskys, Naivas, Nakumatt, Uchumi and Ukwala) and have a direct link to supplier, producers and distributors.

In Nairobi alone, there are about 26 supermarkets operating according to Nairobi City Council Department of Licensing (2016). The first supermarket in Kenya was Westlands General Store (1960), Abrahams Self Service Store (1970) and Uchumi Supermarket (1975) all in Nairobi before they later spread to other towns in Kenya. According to Neven and Readon (2005), it was found that between 1990-2003, supermarkets grew by 18% Per Year. They also found out that supermarkets spread out from capital cities to intermediate and then to smaller towns. They explained the rapid growth to be emerging from increase in population in the urban areas, trade

and domestic liberalization that include liberalization and stabilizing policies, import licensing removal and price liberalization.

1.2 Research Problem

Competitive strategies enable firms to achieve internal efficiency, improved quality of products hence meeting customers' expectations. According to Thompson & Strickland, (2002) the concept of competitive strategy refers to all moves that a firm or an organization has to attack buyers to withstand competitive pressure and improve its market position. In a competitive market environment, customers make choices based on their perception of the value for money which is a combination of price and perceived product or service benefits and other value propositions offered by an organization (Porter, 1986).

Growth of the economy has come with rise in competition. Supermarkets quickly are diffusing into small towns and secondary cities to target poorer communities in Kenya. The pattern of expansion in Kenya is similar to that of South Africa (Njenga, 2012). This is due to change in environment and growth factors (Neven & Readson, 2005). Their presence in the market is vivid with some of the supermarkets operating on the same street and even their doors facing that of the rival. It is very interesting to know how these firms manage and conduct their businesses. The how denotes the competitive strategy that this study seeks to highlight. In such a situation, various measures are considered by firms to achieve competitive advantage amidst the existing competition and rivalry (Porter 1980).

Several studies have been conducted on competitive strategies and organizational performance. Globally, Luliya, Sununta, Yuosre, & Chotchai, (2013) did a study on competitive strategies and performance. The study was conducted in Thailand in 2009 to cover the listed firms. Mail-survey

was used to collect data. The study targeted 101 executives who represented their respective firms. The results of the findings revealed that competitive strategies significantly enhanced firm performance through performance measurement. The differentiation strategy was found to have a direct relationship on firm performance. It was also noted that differentiation had indirect significant relationship on firm performance when financial measures were used. This study was done in Thailand in 2009 which covered 101 listed companies. The current study is unique in that it was conducted in Kenya covering Supermarkets in Nairobi. Nairobi is a different environment thus, the findings cannot be generalized.

Akin (2014) did a study on competitive strategies on performance. The study was conducted in the Nigerian Telecommunication firms. Specifically, the study examined competitive strategies on retention, loyalty and customer satisfaction. In this study, a survey was applied to conduct the study. Questionnaires were distributed to 125 respondents. The findings revealed that there existed a relationship between competitive strategies and retention, loyalty, customer satisfaction, and. This study was conducted in Nigerian Telecommunication Companies which is a different context hence its findings may not apply to the case of Supermarkets in Kenya.

Locally in Kenya, Njunguna (2012) did a study to cover competitive strategies adopted by Safaricom Limited. The study employed a case study research design. The interview schedule was used to gather the information. From the findings, it was established that Safaricom used focus strategy market penetration strategy, pricing strategy, cost leadership strategy, and differentiation strategy. The findings of the study may not be generalizable Supermarkets in Nairobi which is a different context.

Mutindi (2013) covered strategic management drivers on performance of the hotel industry in Kenya. The study used descriptive survey. From the findings, it was revealed that strategic

management drivers influenced performance of the hotel industry. The study recommended that hotels to embrace strategic management drivers in its business. Also, the findings of the study cannot be applied to Supermarkets in CBD as it from a different context.

Munyiri (2014) also covered competitive strategies and customer retention in Kenyan commercial banks. This study used descriptive survey design of the forty four commercial banks in Kenya. A questionnaire was employed for data collection. The findings of the study indicated that competitive strategies and customer retention were related. This study was conducted in Commercial banks which is different from supermarkets in terms of operation and management. Hence, the findings cannot be applied to Supermarkets in Kenya. The current study was conducted in the Supermarkets in CBD; hence the findings from Commercial Banks in Kenya will be not generalized.

Although a number of studies have been done on competitive strategies and organizational performance, a knowledge gap exists in the Large Scale Supermarkets in Kenya. None of the studies has focused on the competitive strategies and performance of the retail industry. This study, therefore, sought to establish the influence of competitive strategies on performance of supermarkets in Nairobi Central Business District. Do competitive strategies have an effect on performance of Supermarkets in Nairobi Central Business District?

1.3 Research Objective

The general of this study was to establish the influence of competitive strategies on performance of supermarkets in Nairobi Central Business District.

1.4 Value of the Study

This study will be significant to retail stores management; investors and researchers and academicians. The supermarket's management will make use of this study information in making

vital decisions which will enable them to improve their performance. The information from this study will enable Supermarket management in designing plans and good business strategies to outwit their competitors. This will enable them to remain relevant in their business environment. The findings of the study will be significant to investors as they will use the information from this study to approve the business operations of Supermarkets in Kenya.

The competitors operating in the same business environment will use the findings of the study to better understand and comprehend to improve on their business operations and find solutions on to encounter their daily challenges in conducting their respectful businesses. For the Supermarkets, this information will be useful in benchmarking on their operations with the competitors. This information will enable them to improve on their operations which will assist in informing their strategies to outwit their competitors thus in the long run remaining relevant in the market.

Further, the findings of the study will be paramount for academicians, the future scholars as it will for a basis for further studies. Academicians and scholars will use the results from this study to discuss the concept of competitive strategies. The study will also be a source of reference material for future researchers on other related topics..

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Literature review serves the purpose to identify relevant theories, the conceptual framework and it lays affirm foundation to inspire the studied ideas. In addition, it determines gaps and inconsistencies in body of a study as observed by Polit, Beck and Hungler (2004). In this study, the literature review will focus on competitive strategies on performance.

This chapter dealt with the theories in which the research is grounded and then reviews literature on competitive strategies and performance of Supermarkets in Nairobi Central Business District. These theories include resource-based view, knowledge-based and innovation profit theory. In addition, the study discussed the three types of competitive strategies which are outlined by Porter (1980). They include differentiation, cost leadership and focus strategies.

Empirical studies for the relationships between competitive strategies and performance were presented. Existing conceptual arguments on how differentiation, cost leadership and focus strategies influence performance were highlighted. Finally, the summary of research gaps and emerging prepositions addressed were presented.

2.2 Theoretical Foundation

This section discussed the theories underpinning the study. For the sake of this study three (3) thematic theories were used to guide this study. These theories include resource based view theory, knowledge based theory and innovation profit theory.

2.2.1 Resource-Based View

This theory was propounded by Penrose (1959). The main arguments of this theory are that it analyses resources as the key to organization success and superior performance. The theory argues that resources in a firm or an organization can enable to attain a sustainable competitive

advantage. According to Mwaitu and Mercer (1983), affirm primarily lies in the usage of bundle of tangible or intangible resources which are valuable to the organization's disposal.

This theory assumes that the organizational resources are a bundle of products or services. Some of this resources can be very costly to copy or imitate or either inelastic in supply. The tangible or include capabilities, all assets, firm attributes, organization processes, competencies, information, and knowledge which are controlled by the firm to enable it to conceptualize and implement that strategies which are designed to improve performance (Barney, 2013).

Thus, organizational resources can be physical, human, financial or organizational capital. These internal attributes of the firm are called core competencies which can be also referred as core capabilities. These resources are employed by the organizations in attaining their competitive advantage. In achieving the firm's goals, these resources must be rare, valuable costly-to-implement and be applied by the organized systems of a particular firm to achieve the set objectives. Firms can embrace resourced based view and invest in it so that to know whether they will attain or gain a competitive advantage in the long run.

2.2.2 Knowledge-Based Theory

This theory was expanded from those arguments of Penrose (1959) to (Barney 1991). The main arguments of this theory are that different firms have different cultures. Thus, the approach of a particular firm you have to apply a specific culture which that firm is ascribed to (Balogun & Jenkins, 2003). Hence, firms are supposed to learn or conduct their daily to daily tasks or activities basing on the cultural artefacts they are involved in. This will enable them to acquire or change in the preservation of their capabilities in the long run (Cook & Yanow, 1995).

The economic changes of production of materials to the production of information it creates a revaluation of firm workers. In organizations knowledge workers who are at the core of the organization functions are increasing. These workers include the concept and technology designers, finance and management people. The other considered individuals of people in the firm's periphery, are defined according to the tasks they perform at that moment (Child & McGrath, 2001).

According to Feng, Chen and Liou, (2005) the theory considers knowledge as very important source which will make a firm to gain competitive advantage. He also argues that knowledge is very necessary resource for organizational strategies affirming that competitive advantage originates from the integration of a bundle of knowledge rather the knowledge of individuals (Felin & Hesterly, 2007). Further, the knowledge of the firm aid in the strategic development of goods and services and it provides alternatives of achieving differentiation of products thus competitive advantage.

In summary, the knowledge based view demonstrates that organizations can be different from others by managing their knowledge strategies. The firms that attain competitive advantage combine their knowledge assets to generate their knowledge management capability. According to this theory, a firm is a distributed knowledge system which is composed of holding knowledge of employees (Balogun & Jenkins, 2003).

2.2.3 Innovation profit theory

Innovation profit theory which is a part of compensatory profit theories describes the supernormal profits that arise from the following of a successful modernization and invention in the production of goods and services. Organizations such as Microsoft have earned above normal

returns as a result of pioneering the graphic user interface software as oppose to command based (Hirschey, 2009).

This theory revolves around the products a company offers and infers that organizations which produce highly differentiated goods and services tend to make above normal profits. The theory describes supernormal rates of return that reward a firm for extra ordinary success in meeting customer needs, maintaining efficient operations and so forth.

Innovation is divided into two categories. The first type is those innovations that aim at reducing costs and the second category are those innovations aimed at creating demand. Costs can be reduced extensively by re-inventing the value chain and improving its efficiency. Demand for products on the other hand can be created through differentiation, customer service, increasing market share etc. Thus Profits are realized due to successful innovations where cost falls below the prevailing price of the product or the entrepreneur is able to sell more and at a better price than before.

2.3 Challenges in the Implementation of Competitive Strategies

According to Lamb and Boyden (1984), there are three (3) competitive challenges that hinder organizations to be capable of maximizing on new opportunities in the market. These challenges include the financial requirements challenges, the regulatory environment that is imposed by the government and that ability of the owners and managers in the organization. Those challenges which are faced when the strategy is implanted include financial availability, skills of the staff, the marketing abilities, the changing needs of customers, changing of the external environment, regulations from government and the ability in coordinating the firms' activities in the pursuit of agreed strategy (Porter 1998).

Challenges of cost leadership include the ability of competitor in producing the same product at a lower and affordable price. This can make the competitor very successful which can put the cost leader at par with the said with competitor thus rendering the strategy unsustainable. In addition, the competitors' ability to copy the firms' production process or product can also render the strategy unsustainable in the long run (Thompson & Strickland, 2003)

Also, on differentiation of products is associated with the firms' capacity to continue the perceived uniqueness. The competitors can replicate and copy the produce consequently eroding the uniqueness held by the said firm. Another challenge lies on the cost differential in low cost competitors and the differentiated firm. When difference in terms of cost is large, it may be difficult to retain brand loyalty of customers and buyers who perceives saving on cost is a motivator in switching to loyalty to the low cost of the competitor. Finally, the major challenge associated with focus niche is the erosion of technological changes and in the changes of customer needs and tastes. Once the customer has focused it is not possible to move to the other niches (Mintzberg, 1999).

2.4 Empirical Studies and Knowledge gaps

This section will be a review of empirical studies conducted on competitive strategies and firm performance. Various studies have been conducted and have used different variables and methodologies.

A study was conducted by Luliya, Sununta, Yuosre, & Chotchai, (2013) covering competitive strategies on performance. A mail-survey was used to cover listed firms in 2009 in Thailand. It used 101 respondents who were executives from their respectful companies. The study found that competitive strategies positively and significantly enhanced performance. Differentiation as a strategy was found to be having a direct relationship on firm performance. The study was

conducted in Thailand which is in a different context hence the findings will not be applicable to Kenyan Supermarkets.

Akingbade (2015) conducted a study to cover competitive strategies on retention, loyalty, and customer satisfaction. This study employed a survey design in carrying out the study. A questionnaire was employed for data collection. The study targeted respondent who used telephone service in Lagos State. The study results revealed that there existed an association between competitive strategies and firm performance of the studied telecommunication industry. The study was conducted in Nigeria which is in a different context hence the findings of the study cannot be applicable to Kenyan Supermarkets.

On the same vein, Muthoka and Oduor (2014) conducted a study to establish influence of strategic alliances on firm performance. Specifically, the study established effects of technological, production and marketing strategic alliance. This study used a correlational research design and five Supermarkets were used. The information was gathered from the head offices of Nakumatt, Tuskys, Ukwala, Naivas, and Uchumi. The findings of the study revealed that there was a strong, negative association on technological strategic alliances and performance. The study was done using a different independent variable (strategic alliances) on firm performance. The current study is unique on that it look into the influence of competitive strategies on performance.

Kamau (2015) conducted a study on competitive strategies on performance of Telecommunications firms in Kenya. The study adopted cross-sectional research design of the nine firms in the telecommunications industry in Kenya that are currently members of Telecommunication Service Providers Association of Kenya (TESPOK). Data was collected using questionnaires and was analyzed using descriptive statistics. The study revealed that

companies in the telecommunication industry embrace different techniques including: differentiation, cost initiative and market focus in order to obtain and maintain competitive advantage. The study was done in Telecommunications firms in Kenya; hence the results of the study cannot be applicable to Supermarkets in CBD.

Omayio (2017) did a study on competitive strategy on organizational performance of Kenyan Telecommunications firms. The study utilized cross-sectional qualitative research design. This study focused on four major telecommunication firms operating in Kenya which are; Safaricom Limited, Airtel Limited, Telkom Kenya and Equitel Limited. Both primary and secondary information was collected. For primary information, a questionnaire with closed and open ended questions was used. It was administered through interviews with top managers. Secondary data related to each specific company was also explored such as financial results from their audited annual reports. From the analysis of the findings, the study revealed that the telecommunication companies in Kenya adopted differentiation strategy, market focus strategy and cost leadership strategy. The study was conducted in the Telecommunications Industry in Kenya; hence the findings of the study cannot be generalized to Supermarkets in CBD.

The chapter has reviewed literature on competitive strategies and performance of Supermarkets. The competitive strategies covered are differentiation, focus and cost leadership. The empirical investigations have not been able to be conclusively examined and determined as much as competitive strategies and performance is concerned. Some studies have been done in different contexts and countries where the concept of competitive strategies and performance can vary from one time period to another within the same economy.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter is a description of the methodology employed to address the objectives herein stated. According to Creswell (2003) research methodology is a guideline which provides the rationale and techniques that is used to suitably and critically address the research questions or hypothesis formulated in a study.

Studies or researches are done on the basis of underlying philosophical expectations or assumptions on what it is constituted 'valid'. Methodology is appropriate in the developmental of knowledge in a given situation or study. Thus, it is important to know the underlying assumptions for the evaluation of any research.

This study employed a cross-section survey design. Questionnaires were used to establish the influence of competitive strategies on performance. Every method used to answer the research questions was justified. For trustworthiness purposes a suitable criteria for quantitative was discussed

3.2 Research Design

This refers to a master plan of a study or research that sheds light on how the study will be conducted. The research design shows how major parts of a project, samples, treatments, measures and programs work together in achieving the set objective. Research design is important as it shows and gives directions on the basis of philosophical expectations. Further, research design refers to an action plan for getting from here to there as observed by Yin (2003).

According to Williams, (2007), there exist three types of designs. They comprise causal research, descriptive research, and explanatory research designs. The three designs can further be

subdivided into other categories which include experimental explanatory, grounded theory, modeling and case studies.

Thus, for the sake of this study, a cross-section survey was employed. Kothari, (2003) argues that descriptive survey design is used for fact findings of various conceptions. This is used to define the state of activities as they exist. Cooper & Schindler (2001) argue that a survey is most appropriate when conducting comparative research.

3.3 Population of the Study

Population refers to any group of people, institutions or objects that share common features or characteristics (Ogula, 2005). The target population was eight (8) Supermarkets in Nairobi which are licensed by the Nairobi City Council Licensing Department (2017). See Appendix II. The researcher conducted a census. The census approach was employed to increase accuracy and reliability of the data collected. A population requires having some observable feature or characteristic which are used by the researcher to generalize the finding as observed by Mugenda and Mugenda (2003).

A census approach was employed to study eight (8) supermarkets. Census was chosen as the target population was relatively small and data accessibility. Various scholars have recommended census to be applicable, for example (Guo & Sheffield 2006; Furrer et, al., 2002; Saunder et. al., 2003). Further, the entire population shall be studied as the census study enables the researcher to capture variability of responses.

3.4 Data Collection

This is a method of collecting data on concentrated category using a well-organized form that allows one to respond to important questions and evaluate outcome (Burns & Grove, 2003).

There are two usual approaches of gathering information. They include primary and secondary methods of data collection. Gathering primary data refers to collection of information from the first hand respondents. For Secondary information, is gathered from documents, published journals, periodicals, published financial statements and libraries.

In this study, both primary and secondary methods of data collection were employed. For the sake of primary data collection a questionnaire of closed and open ended questions was used to target 5 respondents from each supermarket. The question was divided into three main sections. Section one discussed the general information of the respondents or the organizations in this case the supermarkets in Nairobi CBD. The second section captured the competitive strategies and their influence on organization performance and finally section three analyzed the challenges encountered by the supermarkets in implementing competitive strategies. The secondary information extracted from the financial statements and company publications from the year 2013-2017.

The targeted participants were requested to respond to stipulated questions. The research instruments were divided into three sections and the information was gathered by distributing questionnaires to managers who would be marketing manager, finance manager, Information Technology manager. Primary data refer to the information collected specifically for a research at hand (Zikmund, 2003). Likert-type scaling measures were used to examine the constructs for each of the participating firms.

3.5 Data Analysis

Data analysis involved into data clean up and explanation. The collected that was edited, coded and tabulated. These procedures aimed to detect any anomalies during responding of the field

questions. The collected questionnaires were edited for consistency purposes. The collected information was then checked for errors and omissions (Cooper & Schindler, 2003).

This study employed quantitative and qualitative techniques in data analysis. The information collected using quantitative methods were coded and entered into computer aid software a Statistical Packages for Social Sciences (SPSS Version 23.0). This was employed to run descriptive data to present frequency Tables in the specific research objectives. Percentages mean and standard deviations were generated. Data from the open ended questions were reported in a narrative form. In addition, inferential statistics was applied to establish the association between independent and dependent variables.

Further, regression was used to show the association between competitive strategies and the performance of Supermarkets in Nairobi. This method (Multiple regressions) is flexible for data analysis and it is appropriate to analyze both the association between the independent variable and dependent variable. In this case, relationships can be non-linear whereas independent variables in the study can qualitative or quantitative.

The regression model is as follows below:.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y= Performance of Supermarkets

X₁ = Differentiation

X₂ = Market Focus

X₃= Cost Leadership

The study used F-test to test for joint significance of all coefficients. P value was used to measure the significance of the variables studied. P value of the variable is 0.05 (5%) and below,

it means that the studied variables are significant. Moreover, where the value is above 0.05 the studied variable is not significant

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The study sought to establish the influence of competitive strategies and performance Supermarkets in Nairobi Central Business District. The study used Tables to summarize and present the data collected from the respondents.

4.2 Response rate

This study targeted 40 respondents from top management level from supermarkets in Nairobi. From the field responses it was revealed that those responded to the set question were only 33 respondents. This accounts for 82.5% of the response rate. Scholars, for example, Mugenda and Mugenda (1999), outline that 50% response rate is adequate, 60% is good and that of 70% and above is excellent. In this case a response rate of 82.5% is excellent, hence enough for analysis and data interpretation.

4.3 General information

4.3.1 Highest Level of Education

The study requested the respondents to indicate their highest academic qualification. The analysis of the findings is as shown in Table 1.

Table 1: Highest Level of Education

Category	Frequency	Percentage
Secondary		
College Diploma	12	36.4
University 1st degree	16	48.5
Postgraduate degree	5	15.1
Total	33	100.0

Based on the analysis of the findings, a majority (48.5%) were educated University 1 first degree followed by 36% who indicated that they had college diplomas. In addition, 15.1% indicated that they had postgraduate degrees from recognized institution. Therefore, the findings depicts that the majority of the respondents had university degrees hence were qualified enough to give information and hold their positions to contribute Supermarkets performance.

4.3.2 Age Distribution of the respondents

The study sought to establish the age distribution of the respondents. The analysis of the findings is as shown Table 2.

Table 2: Age Distribution of the respondents

Category	Frequency	Percentage
Below 25	5	15.2
25-35	11	33.3
36-45	13	39.4
Above 40	4	12.1
Total	33	100.0

From the analysis of the findings, a majority (39.4%) had 36-45 years followed by 33.3% who indicated 25-35 years. In addition, 12.1% had 40 years and above while the remaining 15.2% were below 25 years. The findings of the study concluded that majority of the participants were 36-45 years. This therefore means that young people of below forty five years managed the supermarket.

4.3.3 Years in operation of the supermarket

The study sought to establish the years the supermarkets have operated. The analysis of the findings is as shown in Table 3.

Table 3: Years in operation of the supermarket

Category	Frequency	Percentage
Below 10 years	5	15.2
10-15	15	45.5

16-20	9	27.3
21 and above	4	12.0
Total	33	100.0

According to the findings, it was revealed that most (45.5%) of Supermarkets have operated for 10-15 years. It was also revealed that 27.3% indicated have operated for 16-20 years, 15.2% indicated 10 years and below while the remaining 12.0% indicated 21 years and above respectively. Therefore, the analysis of the findings conclude that majority of the Supermarkets have operated for 10-20 years.

4.4 Competitive Strategies

4.4.1 Differentiation strategy

The study requested the respondents to indicate their level of agreement or disagreement on differentiation strategy and performance of Supermarkets in Nairobi. The analysis of the findings is shown in Table 4.

Table 4: Differentiation strategy

S/NO.	Statement	Mean	Standard Deviation
1.	Supermarkets in the CBD benchmark with leading companies in our industry three times in a year in order to improve the market position	3.94	.7052
2.	Supermarkets in the CBD have a strong coordination all our departments so as to gain comparative advantage	3.52	.8102
3.	Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers	3.60	.9520
4.	Supermarkets in the CBD have a wide range of products so as to increase the market share	4.06	.8494

From the analysis of the findings, majority of the respondents recorded that indeed differentiation strategy influenced performance of the Supermarkets. This revealed by statements that Supermarkets in the CBD benchmark with leading companies in the industry three times in a year in order to improve the market position ($X=3.94$, $S.D=.7052$), that Supermarkets in the CBD have a strong coordination in all the departments so as to gain comparative advantage ($X=3.52$, $S.D=.8102$, that Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers ($X=3.60$, $S.D=.9520$), and that Supermarkets in the CBD have a wide range of products so as to increase the market share($X=4.06$, $S.D=.8494$). These findings concur with that one of Mackenzy, (2011) who argued that differentiation strategy enables a firm to be unique with regards to dimensions valued by the buyers. This strategy allows a firm to choose particular product attributes perceived by the majority of buyers to be essential and then strive to meet this need in the market.

4.4.2 Focus Strategy

The study sought to establish the influence of focus strategy on the performance of Supermarkets in Nairobi. Therefore, the respondents were requested to indicate their level of agreement or disagreement on a five point likert scale. The analysis of the findings is as shown in Table 5.

Table 5: Focus Strategy

S/NO.	Statement	Mean	Standard Deviation
1.	Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty.	4.41	.6620
2.	Supermarkets in the CBD provide services and products that focus on a particular market segment thus creating market barrier	4.05	.8205
3.	Supermarkets in the CBD have built a strong relationship with	3.82	.7731

	our clients which has created market barrier for other firms		
4.	Supermarkets in the CBD have gained customer loyalty by focusing on a particular market segment	3.70	.9937
5.	Most of Supermarket's products/services in the CBD are tailor made to suit specific needs of our clients	3.94	.7204

According to the analysis of the findings, most respondents agreed that focus strategy influenced the performance of the supermarkets in Nairobi. This is affirmed by the statements on that Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty ($X=4.41$, $S.D=.6620$), that Supermarkets in the CBD provide services and products that focus on a particular market segment thus creating market barrier ($X= 4.05$, $S.D=.8205$, that Supermarkets in the CBD have built a strong relationship with our clients which has created market barrier for other firms ($X=3.82$, $S.D=.7731$), that Supermarkets in the CBD have gained customer loyalty by focusing on a particular market segment ($X=3.70$, $S.D=.9937$), and that most of Supermarket's products/services in the CBD are tailor made to suit specific needs of our clients ($X= 3.94$, $S.D=.7204$). The study is in tandem with Mintzberg, (1999) who argued that the associated with focus niche is the erosion of technological changes and in the changes of customer needs and tastes. Once the customer has focused it is not possible to move to the other niches.

4.4.3 Cost Leadership

The study was set to establish the influence of cost leadership on performance of supermarkets in Nairobi. Therefore, the researcher required the respondents to indicate their level of agreement or disagreement. The study findings are as shown in Table 6.

Table 6: Cost Leadership

S/NO.	Statement	Mean	Standard Deviation
1.	Supermarkets in the CBD provide goods and services at a lower prices to attract more customers	3.91	.7058
2.	Supermarkets in the CBD focus on efficiency in service so as to gain price advantage	3.84	.6916
3.	Supermarkets in the CBD are able to withstand competition due to low prices of goods and services hence better market survival	4.03	.8404
4.	Supermarkets in the CBD focus on specialization to increase profit margins	3.79	.8060
5.	Supermarkets in the CBD use technology to minimize the cost hence increased profit margins	4.07	.9521

According to the analysis of the findings, it was revealed that most respondents agreed that that cost leadership strategy influenced performance of the supermarkets. This is confirmed by statements that Supermarkets in the CBD provide goods and services at lower prices to attract more customers ($X= 3.91$, $S.D=.7058$), Supermarkets in the CBD focus on efficiency in service so as to gain price advantage ($X=3.84$, $S.D=.6916$), that Supermarkets in the CBD are able to withstand competition due to low prices of goods and services hence better market survival($X= 4.03$, $S.D=.8404$, that Supermarkets in the CBD focus on specialization to increase profit margins ($X= 3.79$, $S.D=.8060$), and that Supermarkets in the CBD use technology to minimize the cost hence increased profit margins($X=4.07$, $S.D=.9521$). Therefore, it can be concluded that cost leadership strategy influence performance of Supermarkets in Nairobi. The study is in line with Thompson and Strickland, (2003) who indicated that cost leadership include the ability of competitor in producing the same product at a lower and affordable price. This can make the competitor very successful which can put the cost leader at par with the said with competitor thus

rendering the strategy unsustainable. In addition, the competitors' ability to copy the firms' production process or product can also render the strategy unsustainable in the long run.

4.5 Challenges Faced Supermarkets in Implementing the Formulated Competitive Strategies

The study further sought the challenges faced by supermarkets in implementing the formulated competitive strategies. The analysis of the findings is as shown in Table 7.

Table 7: Challenges Faced Supermarkets

S/NO.	Statement	Mean	Standard Deviation
1.	Inadequacy of capital for expansion	3.92	.6860
2.	Government regulations	4.49	.5989
3.	Inadequacy of space for expansion	4.03	.6941
4.	Cheap imports	3.04	.6093
5.	Competition from hawkers who sell goods at a cheaper price	3.95	.7052
6.	Bad debts	3.10	.7103

According to the analysis of the findings, it was revealed that the respondents strongly agreed that government regulations influenced that competitiveness of the Supermarkets in Nairobi ($X=4.49$, $S.D=.5989$). They said that through the government regulations supermarkets are required to follow certain laid down rules and procedures in order to continue their operations. Thus, this limited the level of product diversification and innovativeness in these firms. In addition, the respondents agreed that supermarkets faced challenges of inadequacy of capital for expansion ($X=3.92$, $S.D=.6860$), inadequacy of space for expansion ($X=4.03$, $S.D=.6941$), and on competition from hawkers who sell goods at a cheaper price ($X=3.95$, $S.D=.7052$). Those who were to a moderate extent indicated cheap imports ($X=3.04$, $S.D. =.6093$) and bad debts ($X=3.04$, $S.D. =.6093$). The analysis of the findings is in tandem with Thompson and Strickland, (2003)

who indicated that cost leadership include the ability of competitor in producing the same product at a lower and affordable price. This can make the competitor very successful which can put the cost leader at par with the said with competitor thus rendering the strategy unsustainable. In addition, the competitors' ability to copy the firms' production process or product can also render the strategy unsustainable in the long run.

4.6 Inferential Statistics

On determining that all the variables of competitive strategies had an effect on performance the study went ahead to compute an overall regression model indicating how the variables interacted in the study.

The following are the results of regression analysis.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.918(a)	.843	.805	.51038	.843	1.242	4	96	.000

Predictors: (Constant), Differentiation, Market Focus and Cost Leadership

Dependent Variable: Performance of Supermarkets

From the analysis of the findings in Table 8, it is clear that the coefficient determination R² equals 0.843, that is, Differentiation, Market Focus and Cost Leadership explain 84.3% of the perceived change in the Performance of Supermarkets. P- value of 0.000 (Less than 0.05) is interpreted to imply the regression model used was significant at 95% significance level.

Table 9: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.852	3	.284	.405	.000
Residual	20.36	29	.702		
Total	21.212	32			

Predictors: (Constant), Differentiation, Market Focus and Cost Leadership

Dependent Variable: Performance of Supermarkets

The Analysis of Variance (ANOVA) results (P- value of 0.00) in the Table 9 reveal that there is an association between independent variables (Differentiation, Market Focus and Cost Leadership) and (Performance of Supermarkets).

Table 10: Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.813	0.104		7.367	0.000
	Differentiation	0.073	0.025	0.108	2.021	0.052
	Market Focus	0.051	0.031	0.123	1.157	0.031
	Cost Leadership	0.068	0.042	0.107	1.194	0.034

a. Dependent Variable: the Performance of Supermarkets

Linear regression model is as follows:

$$Y = 0.813 + 0.073D + 0.051MF + 0.068CL + 0.104$$

Linear regression was used to show that all the variables used had a positive relationship has shown by positive confidents. From the analysis of the findings, it was established that

differentiation, Market Focus and Cost Leadership were related with performance. From the analysis of findings, one unit change in differentiation, it increases performance of Supermarkets by 0.073 units. One unit change in Market Focus, it increased performance of Supermarkets by 0.051 units and one unit change in Cost Leadership, it increased performance of Supermarkets by 0.068 units.

In this study t statistics was used to determine the relative significance for every variables used. The t values range from -0.5 to +0.5. The most important variables were user differentiation; cost leadership and Market focus respectively.

4.7 Discussion of the findings

The main purpose of this study was to establish competitive strategies and performance of supermarkets in Nairobi Central Business District. The study employed resource-based view, knowledge-based and innovation profit theories to explain competitive strategies on the performance of Supermarkets in Nairobi Central Business District.

The study established that differentiation strategy influenced performance of Supermarkets in Nairobi Central Business District. The findings indicated that Supermarkets in the CBD benchmark with leading companies in our industry three times in a year in order to improve the market position, they have a strong coordination in all the departments so as to gain comparative advantage, they package products depending on the customers' needs hence attracting more customers and that they have a wide range of products so as to increase the market share. The analysis of the findings is in agreement with Mackenzy, (2011) who argued that differentiation strategy enables a firm to be unique with regards to dimensions valued by the buyers. This strategy allows a firm to choose particular product attributes perceived by the majority of buyers to be essential and then strive to meet this need in the market

The study also found that focus strategy influenced performance of Supermarkets in Nairobi Central Business District. The study findings recorded that Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty, they provide services and products that focus on a particular market segment thus creating market barrier, they have built a strong relationship with our clients which has created market barrier for other firms, they have gained customer loyalty by focusing on a particular market segment and that most of Supermarket's products/services are tailor made to suit specific needs of our clients. The study findings is in line with Mintzberg, (1999) who argued that the associated with focus niche is the erosion of technological changes and in the changes of customer needs and tastes. Once the customer has focused it is not possible to move to the other niches.

On cost leadership strategy, the study found that it influenced performance of Supermarkets in CBD. The study recorded that Supermarkets in the CBD provide goods and services at a lower prices to attract more customers; they focus on efficiency in service so as to gain price advantage, are able to withstand competition due to low prices of goods and services hence better market survival, they focus on specialization to increase profit margins, and that they use technology to minimize the cost hence increased profit margins. The study findings is in tandem with Thompson and Strickland, (2003) who indicated that cost leadership include the ability of competitor in producing the same product at a lower and affordable price. This can make the competitor very successful which can put the cost leader at par with the said with competitor thus rendering the strategy unsustainable.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study was set to establish influence of competitive strategies and performance Supermarkets in Nairobi Central Business District. The chapter gives a summary, the conclusion and recommendations for policy implications. Further, the section highlights the limitations and suggestions for further studies.

5.2 Summary

This study was set to establish the influence of competitive strategies on performance Supermarkets in Nairobi Central Business District. On the demographic characteristics, it was established that most participants had1 first degree from universities where most of them were agree bracket of 36-45 years. Moreover, it was revealed that most Supermarkets have operated for 10-15 years.

The first objective was to establish the influence of differentiation strategy on performance of Supermarkets in Nairobi. According to the analysis of the findings, it was revealed that most respondents agreed that Supermarkets in the CBD benchmark with leading companies in the industry three times in a year in order to improve the market position, that Supermarkets in the CBD have a strong coordination in all the departments so as to gain comparative advantage, that Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers, and that Supermarkets in the CBD have a variety of goods so as to increase the market share.

On market focus, the analysis of the findings revealed that most respondents agreed that Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty, that Supermarkets in the CBD provide services and products that focus on a particular market segment thus creating market barrier, that Supermarkets in the CBD have built a strong relationship with our clients which has created market barrier for other firms , that Supermarkets in the CBD have gained customer loyalty by focusing on a particular market segment, and that most of Supermarket's products/services in the CBD are tailor made to suit specific needs of our clients.

On market focus, the respondents agreed that Supermarkets in the CBD provide goods and services at lower prices to attract more customers, Supermarkets in the CBD focus on efficiency in service so as to gain price advantage, that Supermarkets in the CBD are able to withstand competition due to low prices of goods and services hence better market survival, that Supermarkets in the CBD focus on specialization to increase profit margins, and that Supermarkets in the CBD use technology to minimize the cost hence increased profit margins.

The study also revealed that most Supermarkets in Nairobi faced challenges inadequate of capital for expansion, government regulations, inadequate of space for expansion, and competition from hawkers who sell goods at a cheaper price.

Further, the regression results, it was established that differentiation strategy, market focus strategy and cost leadership strategy had a positive association on Supermarkets performance in Nairobi.

5.3 Conclusion

The study was set to establish the influence of competitive strategies and performance Supermarkets in Nairobi Central Business District. The study concluded that Supermarkets in the CBD benchmark with leading companies, Supermarkets in the CBD have a strong coordination in all the departments, that Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers, and that Supermarket in the CBD have variety of products to increase the market share.

The study concluded that Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty, Supermarkets in the CBD provide services and products that focus on a particular market segment thus creating market barrier, that Supermarkets in the CBD have built a strong relationship with our clients which has created market barrier for other firms , that Supermarkets in the CBD have gained customer loyalty by focusing on a particular market segment, and that most of Supermarket's products/services in the CBD are tailor made to suit specific needs of our clients.

Moreover, it was concluded that Supermarkets in the CBD provide goods and services at lower prices to attract more customers, Supermarkets in the CBD focus on efficiency in service so as to gain price advantage, that Supermarkets in the CBD are able to withstand competition due to low prices of goods and services hence better market survival, that Supermarkets in the CBD focus on specialization to increase profit margins, and that Supermarkets in the CBD use technology to minimize the cost hence increased profit margins. It was also conclude that most Supermarkets face challenges of inadequate of capital for expansion, government regulations, inadequate of space for expansion, and competition from hawkers who sell goods at a cheaper price. The regression results confirmed that differentiation strategy, market focus strategy and cost leadership strategy influenced performance of Supermarkets in Nairobi.

5.4 Recommendations

From the analysis of the findings this research concluded that differentiation strategy influenced performance of Supermarkets in Nairobi. Therefore, it was recommended that Supermarkets should produce goods that are unique and of different quantities for the various available markets. Hence, this will help them to increase and expand their present markets since they will be in a position to access wealthy customers who can buy in bulk and the ordinary customers who can only afford small portions at a time.

On cost leadership, it was concluded that Supermarkets provided goods and services at lower prices and they used technology to minimize the cost to profit margins. Thus, Supermarkets in Nairobi should embrace cost leadership through embracing technology in their businesses. This will help them to be effective in their work thus reducing unnecessary manpower. In addition, operational costs will be lowered to translate low production cost hence pricing of organization products at lower prices that will attract more customers, leading to better performance.

5.5 Limitations of the study

The study was limited in this sense that it was confined in Supermarkets in Nairobi which cannot be a representation of the entire retail industry. Time was also a factor of concern because the researcher was able to collect data from one point at a time. The financial hiccups were also featured.

5.5 Suggestions for further studies

The study has established on competitive strategies on the performance of supermarkets in Nairobi CBD. Thus, the analysis of the findings cannot be replicated to entire retail industry in Kenya. Therefore, it is paramount to carry out a study to cover the entire industry. In addition, a study should be carried out to cover the residential unit. Research could also be done to find out if the results would be different where two supermarket chains like Tuskys and Naivas are compared.

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APPENDICES

Appendix I: Research Questionnaire

SECTION A: GENERAL INFORMATION

Instructions: *(Please read the instructions given and answer the questions as appropriately as possible).*

Section A: General Information

1. Name of the supermarket.....

2. Job Title.....

3. What is your highest level of education

a) Secondary ()

b) College Diploma ()

c) University 1st degree ()

d) Postgraduate degree ()

4. What is your age bracket?

a) Below 25 ()

b) 25-35 ()

c) 36-45 ()

d) Above 40 ()

5. Years in operation of the supermarket

a) Below 10 years ()

b) 10-15 ()

c) 16-20 ()

d) 21 and above ()

6. What are the number of branches the supermarket has? if any

a) Below 5 ()

b) 6-10 ()

c) 11-15 ()

d) Above 16 ()

Section B: COMPETITIVE STRATEGIES

Differentiation strategy

Kindly indicate your level of agreement or disagreement with the following statements by ticking (√) where appropriately. (Key: 5-strongly agree, 4-agree 3-undecided, 2-disagree, 1-strong disagree)

S/NO.	Statement	[1]	[2]	[3]	[4]	[5]
1.	Supermarkets in the CBD benchmark with leading companies in our industry three times in a year in order to improve the market position					
2.	Supermarkets in the CBD have a strong coordination all our departments so as to gain comparative advantage					
3.	Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers					
4.	Supermarkets in the CBD package products depending on the customers' needs hence attracting more customers					
5.	Supermarkets in the CBD have a wide range of products so as to increase the market share					

Focus Strategy

To what extent do you agree with the following statements focus strategy of this Supermarket and its contribution to profitability? Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

S/NO.	Statement	[1]	[2]	[3]	[4]	[5]
1.	Supermarkets in the CBD endeavor to meet the needs of the clients entirely leading to customer loyalty.					
2.	Supermarkets in the CBD provide services and products that focus on a particular market segment thus creating market barrier					
3.	Supermarkets in the CBD have built a strong relationship with our clients which has created market barrier for other firms					
4.	Supermarkets in the CBD have gained customer loyalty by focusing on a particular market segment					
5.	Most of Supermarket's products/services in the CBD are tailor made to suit specific needs of our clients					

Cost Leadership

To what extent do you agree with the following statements cost leadership of this Supermarket and its contribution to profitability? Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

S/NO.	Statement	[1]	[2]	[3]	[4]	[5]
1.	Supermarkets in the CBD provide goods and services at a lower prices to attract more customers					
2.	Supermarkets in the CBD focus on efficiency in service so as to gain price advantage					
3.	Supermarkets in the CBD are able to withstand competition due to low prices of goods and services hence better market survival					
4.	Supermarkets in the CBD focus on specialization to increase profit margins					
5.	Supermarkets in the CBD use technology to minimize the cost					

	hence increased profit margins					
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Section C: Challenges in Competitive Strategy Implementation

14. What are the challenges faced by your supermarket in implementing the formulated competitive strategies?

S/NO.	Statement	[1]	[2]	[3]	[4]
1.	Inadequacy of capital for expansion				
2.	Government regulations				
3.	Inadequacy of space for expansion				
4.	Cheap imports				
5.	Competition from hawkers who sell goods at a cheaper price				
6.	Bad debts				

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Thank you for your participation

Appendix II: List of Supermarkets in Nairobi

1. Naivas Supermarket
2. Tuskys Supermarket.
3. Choppies (formally Ukwala)11
4. Eastmatt Supermarket 11
5. Foodplus Chandarana3
6. Nairobi Matt Supermarket
7. Simba Car Supermarket
8. Ebrahim & Co Ltd Supermarkets

Source: Kenya Supermarket Report, 2017