

**CORPORATE RENEWAL STRATEGIES ADOPTED BY SELECTED
SUPERMARKET IN KENYA TO SUSTAIN MARKET SHARE**

DORINE JEBET NG'ENY

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DECLARATION

I declare that this research project is my original work and it has not been submitted for examinations in any in this or institutions for academic purposes.

Signed:.....Date.....

DORINE NGE'NY

D61/6016/2017

This research project has been submitted for examinations with my approval as University supervisor.

Signed.....Date.....

DR. JOHN YABS

SENIOR LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

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DEDICATIONS

I wish to dedicate this project to my daughter Marion Jemutai, I started this project when you were just born, and this reminds me of the journey we walked with you, this has made me complete and the happiest mother in the world. God bless you and always know you are my greatest inspiration to dream big.

ABSTRACT

The main management strategy of the retail stores is to increase market share by acquiring more customers and increasing transactions. In Kenya, there are many retail supermarkets but the most known and dominant nationally. All these supermarkets compete for the market share across the country with other unknown and local retail supermarkets. It is from this problem that the current study was motivated to seek for an answer to the question that; how does corporate renewal strategies sustain market share of retail supermarkets in Kenya? The main objective of the study was to establish corporate renewal strategies adopted by selected supermarkets in Kenya to sustain market share. The foundation of the study was guided by a theory opined by Porter's five forces theory explaining business attractiveness and possibility of making profits. The study did employ descriptive survey research design. The target population for the study was 35 top management employees of the selected retail supermarkets. The study did employ census technique to sample the target population. The study used structured questionnaires and interview schedule to obtain information from the key informants. The study did use descriptive statistics to analyze quantitative data for the study and content analysis for results emanating from interview schedules. The study found that product designing, cost minimization and new market development corporate renewal strategies have an influence in sustaining market share performance of supermarkets. Supermarket management needs to employ corporate renewal strategies in order to remain a float in competitive market scenarios.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATIONS.....	iv
ABSTRACT.....	v
LIST OF TABLES	ix
ABBREVIATION & ACRONMYS.....	x
CHAPTER ONE: INTRODUCTION.....	1
1.1. Background of the study	1
1.1.1. The construct of corporate renewal strategies.....	2
1.1.2. Market share.....	3
1.1.3. Corporate renewal strategies and market share.....	4
1.1.4. Supermarket in Kenya.....	5
1.2. Research problem.....	6
1.3. Objectives of the study.....	6
1.4. Value of the study	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1. Introduction.....	8
2.2. Theoretical foundation of the study	8
2.3. Measurement of corporate renewal strategies.....	9
2.4. Measurement of market share of retail supermarkets	10
2.5. Empirical review	12

2.5.1. Redesigning product and market share	12
2.5.2. Cost minimization and market share.....	14
2.5.3. New market development and market share	16
2.7. Knowledge gap	19
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1. Introduction.....	20
3.2. Research design	20
3.3. Target population.....	20
3.4. Sample size and sampling procedure.....	21
3.5. Data collection	21
3.6. Data analysis	22
3.7. Operationalization of study variable.....	23
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	24
4.0. Introduction.....	24
4.1. Response rate	24
4.2. General information.....	24
4.3. Resigning product renewal strategies and market share	26
4.4. Cost minimization renewal strategy and market share	27
4.5. New market development renewal strategy and market share.....	29
4.6. Corporate renewal strategy and supermarket market share	31
4.7. Challenges facing supermarkets	31

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION	33
5.1. Summary	33
5.2. Conclusion	34
5.3. Recommendation	35
5.4. Limitations	35
5.5. Suggestions	35
REFERENCES.....	36
APPENDICES.....	40
Appendix I: Letter of introduction.....	40
Appendix II: Questionnaire of the respondents	41
Appendix III: Interview schedule	45
Appendix IV: List of supermarkets in the study area	46

LIST OF TABLES

Table 3.1 shows the operationalization of the variables.....	23
Table 4.1 General information.....	25
Table 4.2 Resigning product renewal strategies and market share.....	26
Table 4.3 Cost minimization renewal strategies and market share.....	28
Table 4.4 New market development renewal strategy and market share	30

ABBREVIATION & ACRONMYS

CPG Consumer packaged goods

GOK Government of Kenya

SOWETO South West Town

UK United Kingdom

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

This section outlines descriptions of the background to the study. It discusses concepts for corporate renewal strategies and market share performance. It further outlines the historical perspective of retail supermarkets in Kenya, research problem, broad objectives, and value of the study.

According to Mbogo (2003) retail supermarkets are business ventures concerned with breaking of bulk to final consumers by offering variety of consumable goods. Managers of retail shops are employing numerous strategies to manage the ever increasing competition in the sector. The essence of employing strategies is to increase its market share performance by tapping more consumers and outweighing competition in the industry (Mbogo, 2003). Strategies which are employed by management of the retail supermarket stores are to increase market share by acquiring more customers and increasing transactions. It is reported that supermarket offer a variety of consumable products aiming to meet customer needs and control a larger customer base (Baker, 2014).

De Mooij et.al (2013) mentions that emergence and growth of retail supermarkets in the world is evidenced by the number of supermarkets coming to existence every year. Existing or older supermarkets are expanding their market share by reviewing and customizing its operations and services to suit the changing market environment. Business entities are exposed to the harsh external environment which might lead to threats and challenges.

In order to remain competitive business entities are required to continuously renew their approaches and strategies to uphold sustainability. Competition becomes a catalyst for business entities to renew its strategies and techniques to remain sustainable and have a huge share in the market.

The study is guided by the understanding of the competitive environment by the Michael Porters five forces model. The model states that there is rivalry among existing firms in our case being the retail supermarkets which is caused by new entrants in the industry, increased bargaining power of the buyers and existence of substitutes in the market. Basing on the model it necessary for existing firms to renew its strategies to have a competitive advantage and avoid an eventful death(Baker, 2014).

1.1.1. The construct of corporate renewal strategies

Corporate renewal strategy is one of those turnaround methodologies and techniques that are employed by firms in case of decline in performance which becomes useful in alleviating market share performance. For business to continue being successful through its renewal strategies it is important for managers to make changes and adopt suitable models, processes and strategies that focus to the changing dynamics, emerging competitors, new technologies and customer needs. Poor strategies can lead to under performance, economic decline, loss of opportunities, liquidity problems and capital constraints(Graham, 2013).

The other meaning of corporate renewal as construct emanates from the pace of change found in business environment. Business entities face a hypocritical change in environment in which they need to increase their strategic pace in order to remain

relevant in the industry. The mandatory change in pace makes them to focus on strategic renewal to reinvent their processes and activities. It is a concept in which makes the organizations to changes as fast as possible before they are swallowed by changes deemed to occur in the future. It is an obligation to change the amount of sales, profits, and image, strategy, and business models before they turn out to be obsolete(Patel, 2017).

1.1.2. Market share

In organizations market share do represent a proportion of its performance in the entire industry. It also represents the organization market total sales which it is earned in a particularperiod. The proportion of market share performance compares what some organization sales in with what is available in the market. The competitiveness of an organization depends on the level of increase and decrease in its sales turnover. It is argued by the investors and business analyst that organizations maintaining good market share have growth in sales revenue, higher customer base and higher market penetrations. Market share performance makes organizations to have faster revenues and growth than competitors in the same industry. Strategic managers focus on market share to increase its scale of profitability and operations to remain a float in the market. There are several strategic choices that managers do to expand its market share by lowering costs, making adverts, product differentiation, new market developments and growing market size (Curtin, 2014).

Strategists define market share in supermarkets and retail stores as the percentage of customers in which a business entity has captured through its targeted marketing schemes in a given industry. Supermarkets with good marketing performance become leaders of

the industry dictating the numbers of sales and transactions conducted. Financial analysts and speculators can derive competitiveness of a firm by determining the market share. It is important for managers to break down market share into specific categories in supermarkets to understand the competitive advantage(Lehdonviita, 2014).

1.1.3. Corporate renewal strategies and market share

Porter (1980) defines corporate renewal strategy as a process of making changes on the product and process to increase organization sustainability and performance. Corporate renewal strategies are mainly conducted when the company performance in the market is declining or is facing stiff competition. Strategists argue that every organization will also need renewing regardless of better performance it may be experience. Renewal strategies are a requirement for business to analyze its activities and processes to be integrative to the changes in the industry. Survival of business is the key ingredient in any business cycle that faces small and big or old and new business entities(Schlegelmilch, Bodo , 2013).

Armstrong, Adam, Denize, & Kotler (2014) state that business entities especially in the retail industry has to adopt survival tactics to get adapt to new environment and changes in the market. Performance in retail industry is measured on the dynamics of the market share. Market share involves increasing sales turnover and maintaining a huge customer base by facilitating more transactions. Renewal strategies are directly linked with market share performance because they are aimed at improving an organization current state of non-performance in sales or declining customer base.

1.1.4. Supermarket in Kenya

The supermarket retail industry has faced a phenomenal expansion and growth as a main aspect of fulfilling consumer preference and tastes. Changes in consumer behavior have prompted supermarkets to adopt unique strategies to ensure sustainability and growth. Every supermarket is striving to create memorable shopping experiences to the consumers by maintaining loyalty and increasing transactions. Old supermarkets that were operational for a longer period of time have faced competition from new emerging retail supermarkets in Kenya. Kenya has seen big major supermarkets like 'Uchumi' and 'Nakumatt' closing down their operations despite several renewal strategies(Mbugua, 2016).

The increase in population in Kenya in rural towns has led to a higher demand of consumable goods and services which has led to new supermarkets emerging. From the Attorney General Business registration details of 2018 it is estimated that 8 major supermarkets have emerged over the past 5 years. That has led to competition to tap more customers by offering different brands and new experiences. Competition in the retail industry in urban town has led several supermarkets to diverse ways to increase its market share within the Town. The new supermarkets emerging have prompted the old supermarkets to diverse ways in order to remain a float or sustainable. Changes are also occurring in residential areas where new supermarkets are being devolved to serve new market segments in the Town. Increase in branches and modernization has led to severe competition in the retail industry leading to management tasks of adopting strategic tactics to improve market share performance(Kumar, 2016).

1.2. Research problem

Retail supermarkets in Kenya are facing stiff competition prompting them to adopt renewal strategies to remain sustainable. They have employed survival techniques by adopting new strategies which are unique and proactive that is reliable to meet customer needs. The cut throat manifested in retail supermarkets has led to major supermarkets closing down due to lower sales levels, profitability and customer base. The long run effect of it is closure of certain retail stores and branches across the country due to poor customer satisfaction. Mbugua (2016) did a study on challenges and survival strategies of supermarkets in Nairobi, Kenya and found that competition and losses originating from theft and pilferage were the leading causes of closure of retail supermarkets in Kenya. The gap of the study is that it did not address strategies that such retail supermarkets should employ to remain afloat which the current study intends to achieve.

To support the case for the past 15 years, two dominant retail supermarkets (Nakumatt & Uchumi) have suffered financial difficulty and have gone under or are in the process of going under. Despite several attempts including renewal strategies being employed to bring them a float nothing has helped on their recovery path.

It is from this problem that the current study was motivated to fill the gap by seeking for an answer to the question that; how does corporate renewal strategies sustain market share of retail supermarkets in Kenya?

1.3. Objectives of the study

The broad objective was to establish corporate renewal strategies adopted by selected supermarkets in Kenya to sustain market share.

1.4. Value of the study

Findings from the study is hoped to benefit several stakeholders. Supermarkets owners will find the findings useful in developing critical renewal strategies as part of their decisions to increase sustainability of their respective organizations. Findings will provide empirical facts on the various renewal strategies for other business for them to learn and decide on the best decisions to adopt. The decisions that will be made by the management will take a major role in reducing wastages and saving resources in trying to renew market share performances.

Findings will also be useful for current and potential investors or shareholders of retail businesses. Investors will be able to learn the various operations and structures employed in supermarkets before they decide to invest on retail business. Shareholders can use information to make vital decision whether to pump resources as part of renewal strategies or to back off. Owners of supermarkets can use the information to reevaluate their managerial strategies and operations in order to make sustainable decisions.

Those in academic field including researchers and scholars will use the findings for further studies, references and citations. The topic will provide theoretical and scientific data that researchers can use to build on their researches related to the current study. While academicians can use the findings to learn more on market share and the types of corporate renewal strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

The section gathers data from secondary sources to theoretically and empirically explain the variables to the study. The sections discussed in the chapter include: the theoretical foundation of the study, measurement of corporate renewal strategies and market share performance, empirical studies explaining the relationship between corporate renewal strategies variables and market share performance. In addition the study diagrammatically illustrates the relationship between the variables using the conceptual framework figure, and research gaps identified after reviewing literature.

2.2. Theoretical foundation of the study

The foundation of the study was guided by a theory opined by Porter's five forces theory explaining business attractiveness and possibility of making profits. Business owners need to understand the industry in order to change strategy appropriately. That gives them opportunity to take advantage of forces in the market to improve the current weak state of their organizations. The five forces that need to be looked upon include power of suppliers, rivalry manifested by competitors, power of buyers, threats originating from substitutes, and new threat from new comers(Graham, 2013).

Supermarkets are faced on a daily basis with competition emanating from rivalry new firms which are approaching the market. It is also noted that once there are competitive firms in the market it leads to more substitutes in the market. The consumers will get accessed to a variety of goods and services due to existence of substitutes. The buyer

power is strong because they have options to choose upon. Old supermarkets are then faced with the challenge of maintaining the market share performance from new emerging supermarkets that are keen in offering quality goods and services meeting consumer needs. In response to the threat old supermarkets have to think critically by adopting renewal strategies to remain sustainable (Wolf & Floyd, 2017).

2.3. Measurement of corporate renewal strategies

Corporate renewal strategies employed by firms in an open market where they are faced with competition solely depend on a number of aspects within and outside it. A renewal event is directly reflected on the decisions that the firm intends to undertake. But majorly the strategic actions made by firms are influenced by several external forces and internal factors within it. Measurement of strategic renewal decisions will highly depend on how organizations will respond to it as part of the rule of the game(Blakeman, 2014).

An effective renewal process can be measured on the basis in which organizations redesign its organization process and products. Organizations intending to redesign its process or products will be required to have a clear process of change supported by a vision as part of its management philosophy. The approach will be guided by the research on consumers and stakeholders view on the proposed approach if it directly meets their needs. As part of the controlling unit of renewal process the stakeholders will have to estimate the cost, and the time intended whether long or short term(Hollensen, 2015).

Other renewal core capabilities in which renewal strategies can be measured is through the use of new market development and cost minimization in organizations. The core capabilities reflect the need for change in organization and the suitable direction to

undertake. It is measured on the basis in which managerial teams have the skills and knowledge on managerial, technical, norms and values. Decisions regarding reducing costs in organizations are done at top management level insuring processes are cheaper to effect or execute. Cost minimization can cut across several activities and processes in organizations but require substantial commitment among individuals involved in organization. Retail organizations that underperform prefer to adopt cost minimization renewal strategies in order to reduce the amount of resources spent unnecessary thus increasing the profit margins(Lehdonviita, 2014).

Measurement of renewal strategies at a corporate level can be achieved by either identifying how organizations are developing new markets. It involves the strategic decisions done by managers to change the normal practices that seem to ineffective or not result oriented. Some of the activities undertaken in developing new markets include changing the market segments, having differential sales channels and adopting different consumer communications techniques. Organizations performing well will have effective market development that will be unique and felt in the industry. The strategy is suitable for firms that wish to refresh again after facing a decline in its product life cycle (Royle & Laing, 2014).

2.4. Measurement of market share of retail supermarkets

The measurement of the market share performance depends on the number of aspects reflected by the supermarkets. In a competitive environment the market size is measured on the basis of the sales turnover (number of units sold), customer base (number of customers held), market penetration, and share of revenue. The factors can either be

accessed from the company records or seeking opinions of the managerial units within the supermarket (Wolf & Floyd, 2017).

Supermarkets are very particular with the number of transactions conducted on a daily basis. Many of the retail stores focus on having a variety of items in one roof to satisfy the varying customer needs and enhance consumer convenience. If supermarkets are able to attract more customers by focusing on excellent service and variety of goods it would automatically translate to more transactions being done thus increasing sales levels and revenues. The number of transactions conducted per day can be an effective measure of the market share performance of a supermarket (Ye, Chen, Sanjeev Jha, and Kevin, Desouza., 2015).

Loyalty in supermarket is another measuring indicator of market share performance. Several retail stores have focused on maintaining a large number of customer base loyalties by having several reward schemes. The aim is to have repetitive purchasing among its customers who will support them throughout during lean or boom periods. Schemes adopted by supermarkets are aimed at creating a positive post-purchasing effect to customers who will be willing to come back for the product or service rendered. That also contributes to a wider market penetration by being in contact with a wide number of customers. Maintaining a huge customer base is a critical component in maintaining market share performance in a competitive environment (Gitau, 2015).

2.5. Empirical review

The section reviews factual knowledge to support the relationship between the study variables.

2.5.1. Redesigning product and market share

Supermarkets are focused on maintaining market share performance by keeping customers consistent in accessing products in the market by redesigning product. Redesigning product involves changing the product line, characteristics and developing packaging. Abey inc. is a retail supermarket located in UK dealing with fresh farm produce is guided by the philosophy that in redesigning a product is focused on meeting the current and past customer needs. After a period of time the organizations develop suitable strategies to come up with new products designs based on the feedback provided by consumers. The best product redesign as enabled the firm to capture new customers and maintain old loyal customers to be happy(Hull, & Basu, 2016).

China's supermarkets have developed a mechanism of redesigning new products. They begin by seeking opinions of their customers on the performance of the products and characteristics expectations. The events are done periodically as part of its renewal strategies to cope up with changes occurring in the environment. They later formulate target specifications for the prospective new product that will meet the varying expectations of the consumers. During launching they do analyze competitive products to redraft or redesigned the developed products. The process adopted by supermarkets in China has enabled it to manage changes in the environment, face off competition from international firms and maintain a huge customer base in China (Schori, MacLean, Shipe, Wickenkamp & Wehr, 2014).

Organizational redesign in supermarkets embroils the combination of organization, methods, and individuals to careen the execution of strategy and consequently goes further than the customary tinkering with lines and boxes. In recent times firms are focused on developing processes that are suitable for employees and directly contribute to results. Supermarkets have suitable methodologies that ensure employees come up with creative and innovative design to win more customers. According to TESCO supermarkets in UK they have developed designs that suit organization manpower, processes and activities. All individuals present in the organization must then work interactively to come up with suitable results and outcomes (Moriarty et.al, 2014).

The case of a consumer-packaged-goods (CPG) supermarket that chose to expand outside its US home base illustrates one typical motivation for a redesign. Under the group's previous organizational structure, the ostensibly global brand team responsible for marketing was not only located in the United States but had also been rewarded largely on the performance of US operations; it had no systems for monitoring the performance of products elsewhere. To support a new global strategy and to develop truly international brands and products, the company separated US marketing from its global counterpart and put in place a new structure including changes to the top team, new processes, new systems, and a new approach to performance management. This intensive redesign helped promote international growth, especially in key emerging markets such as Russia where sales tripled and China where they have nearly doubled (Baker, 2014).

Leaders often spend too much time on the current deficiencies of an organization. It's easy, of course, to get fixated on what's wrong today and to be swayed by the vocal and seemingly urgent complaints of frustrated teams and their leaders. However, redesigns

that merely address the immediate pain points often end up creating a new set of problems (Royle & Laing, 2014). Supermarkets should therefore be clear, at the outset, about what the redesign is intended to achieve and ensure that this aspiration is inextricably linked to strategy. Retail supermarkets are strongly committed to creating a simple customer experience by choosing redesign option that provide market segment focused managerial roles with clear accountability for driving growth. The specificity of that strategic test proved much more helpful than simply declaring a wish to become customer centric (Parente, David. Strausbaugh, Raphael, & Hutchinson, Kimberley, 2014).

In the rush to implement a new organizational design, many supermarkets fall into the trap of going live without a plan to manage the risks. Every organizational redesign carries risks such as interruptions to business continuity, employee defections, a lack of personal engagement, and poor implementation (Wolf & Floyd, 2017). Supermarkets can mitigate the damage by identifying important risks early on and monitoring them well after the redesign goes live. The CPG supermarket for example realized that rolling out its reorganization of sales and marketing ahead of the holiday season might unsettle some of those involved. By waiting, it made the transition with no impact on revenues (Gitau, 2015).

2.5.2. Cost minimization and market share

A competitive strategy in organization especially in retail supermarkets is to try and lower costs in operations and items offered to customers. A company will be highly competitive only if it is regarded to be a cost leader in the industry by dictating the prices

of items and maximizing output because of it. The aim of retail shops is to provide lower costs than that of the consumer by identifying suitable sourcing needs and reducing unnecessary operational costs (Schlegelmilch, Bodo, 2013). Focusing on the market the supermarkets claim in offering quality goods and services to its customers in order to win more. In Kenya, Nakumatt supermarkets during its operations were charging premium prices in the market to capture more customers and maintain a large customer base. Other Ukwala and Naivas have developed cost minimization measures by charging low prices on the merchandise attracting more customers in return. Both supermarkets have a section known as the chain shop located in its premises to serve a mass of customers (Blakeman, 2014).

The cost renewal strategies are aimed at providing customers value for their money. According to Tusky's Kenya management the purpose of up scaling capability attributes of a product is lowering costs to be competitive in the industry. The strategy is cornered on the basis that reducing cost would automatically secure competitive advantage that would attract more clients to the stores. Supermarkets need to scale down on their operational costs in order to remain competent and remain sustainable in the long run (Armstrong, Adam, Denize, & Kotler, 2014).

Leading supermarkets in South Africa are employing a customer switching costs as a method to psychologically play with customer minds. Several of the supermarkets in Southern Africa major towns like Durban, Johannesburg and SOWETO are offering variety of the same type of goods with different prices (Hull & Basu, 2016). Customers will find an option in form of substitutes in case they identify that the price of the favorable variety has risen. Management of the supermarkets at all times will ensure that

prices differ among the substitutes. In the long run customers remain loyal to the supermarket. More often the management would use renewal strategy by changing the prices of the products on the shelves (Wu, Shwu-Ing, & Ting-Ru Lin, 2014).

According to TESCO supermarkets in UK cost minimization is the process of reducing expenditures on unnecessary or inefficient processes. These changes in spending can be slight or drastic, but any level of reduction in costs will likely have a dramatic effect on maximizing profits (Simpson, 2016). Cost minimization strategy and efforts can occur in any area of a business including manufacturing, freight and packaging, finance and accounting, human resources, legal, marketing, direct selling, and more. The goal of cost minimization strategy in supermarkets across Europe is to identify the areas in which a business can effectively reduce costs that will have the most beneficial effect on maximizing profits and revenues (Graham, 2013).

2.5.3. New market development and market share

Renewal strategies may include developing new markets that focus on the improving the market share performance. Supermarkets employ renewal strategies in understanding buyer's behavior and needs by incorporating desired attributes of a product (Curtin, 2014). Tusky's Kenya is employing a market niche strategy as part of its renewal survival technique which focuses on a particular target segment defined by uniqueness and special product attributes. Example of another focused strategy is employed by the Chandarana supermarkets that are focusing on the number of Asians and Whites found in Nairobi to be part of their customer clientele. Majority of products and services offered by the chain of stores are designed to suit the targeted audiences as a result it has led to

customer loyalty and management of the customers. Other customers are locked out due to the high prices and conservative lifestyles manifested by the supermarkets. It is a methodology that forms part of the renewal strategies that the supermarkets are employing(De Mooij, 2013).

Product changes are another aspect that is employed by the supermarkets to attract and satisfy existing clients. In Kenya the leading retail store Tusky's more often do reshuffling of their store location and products to create a new approach to its customers. According to their management arrangement of the goods and certain locations to find the goods are changed. Customers will find the arrangement of the store new which psychologically makes them to think that new stocks have arrived. In other cases the supermarkets do product exchange with some of its branches located in different towns. The strategies are part of renewal strategies applied by the supermarket to remain a sustainable by meeting customer needs and wants(Lehdonviita, 2014).

Before closure Nakumatt and Uchumi supermarkets were employing reward and loyalty schemes inform of points harbored using debit cards. The essence was to continue motivating their loyal customers and attract a revisit from them. But part of renewal strategy after some time the supermarket would advertise reclaiming of points for shopping in case they have noticed a decline in transactions. It is a method used to reclaim back part of their loyal customers who had sought services elsewhere(Patel, 2017).

Changing of sales distribution channels is another way that supermarkets employ in new market development strategy. Several leading supermarkets in Kenya have adopted a different route in selling of the products in their premises. For example Uchumi supermarkets before close were employing agency in its selling programme. It involved having distributors or producers of the products being in charge of their sell within the supermarket premises. It was a renewal strategy of reviving the customer satisfaction and improving customer services by using agency. Although the method did not revive the supermarket fortunes, but it enabled to increase the supermarket sales(Wirtz, Jochen, and Christopher Lovelock., 2016).

Supermarkets in Asian countries especially India is well known in terms of competing using advertisements. Competition for the customers is so severe that many supermarkets have to employ advertisements frequently to become relevant in the market. Advertisements are suitable channels that firms can use to inform and persuade customers of the existing changes within their businesses. For those supermarkets it has formed part of the renewal strategies where the customers have become acclimatized by everyday changes in advertisements. In Kenya the aspect of using advertisement is employed by Tusky's supermarket which frequently has to change their adverts to inform clients of the price offers and products being stored in the premises(Lehdonviita, 2014).

2.7. Knowledge gap

The study reviewed literature on various sources and identified several knowledge gaps. Hull & Basu (2016) did a study and found that the best product redesign as enabled the firm to capture new customers and maintain old loyal customers to be happy. The study did not mention how the renewal strategies have contributed to market share performance in supermarkets. Kumar (2016) did a study on Asian retail stores renewal strategic decisions for survival and found that supermarkets in India do perform advertisements as part of its renewal strategies but the study did not mention if the advertisements can lead to increase in market share performance. Graham, (2013) in their study they found that the goal of cost minimization strategy in supermarkets across Europe was aimed to increase profits and revenues by eliminating activities and processes that are negative to sustainable performance. But the study did not directly link cost minimization in supermarkets with market share performance. Armstrong, Adam, Denize & Kotler (2014) in their studies did mention that supermarkets need to scale down on their operational costs in order to remain competent and remain sustainable in the long run. But the study did not directly link the scaling down operations with market share performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This section outlines methodology of the study which includes: sample size, sampling procedure, and data collection. It further outlines how data was analyzed and operationalization of study variables.

3.2. Research design

According to Kothari (2010) research design outlines the framework in which the study was underpinned. The study did employ descriptive survey research design. Mugenda & Mugenda (1999) defines descriptive survey research design as the process of gathering information in detail from the respondents. The study research design is appropriate in seeking information related to corporate renewal strategies employed by management teams in supermarkets.

3.3. Target population

Target population represents the entire units, and individuals to be studied (Kothari, 2010). The target population was obtained from top management staff of 5 selected supermarkets (Tuskys, Uchumi, Naivas, Ukwala, Khetia's) found in Kenya. The 7 top management individuals to target included: general manager, operations manager, business development manager, marketing & sales managers, brand and finance manager. The target population for the study was 35 top management employees of the selected retail supermarkets.

3.4. Sample size and sampling procedure

This study did employ census technique to sample the target population. According to Kothari (2010) census technique involves selecting the entire population of the study based on their specific characteristics and information to provide the study. The key informants of the study are few in number that fronted the study to employ census method(Flick, 2015). All respondents were purposively selected non-probability due to the nature of the information they are to provide for the study. Purposive sampling technique involves selecting key informants with biasness (Mugenda & Mugenda, 1999).

3.5. Data collection

The study used structured questionnaires and interview schedule to obtain information from the key informants. Structured questionnaires involve documenting questions based on the themes of the study. The study employed a likert scale structured type of questions (5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, and 1= strongly disagree) (Neuman & Robson, 2012). Nominal, interval and ratio measurement scales was employed in structuring the nature of the questions to be asked in the questionnaire. The questionnaires are suitable instruments in gathering more detail information within a short run. They were issued to sales & marketing, brand, finance and operational managers of the retail supermarkets. Interview schedule involves conducting a face to face question session with the general managers of the retail supermarkets. The interview questions were open ended to allow more responses and information.

The researcher did sought authorization and permits from relevant institutions, persons and authority before commencing data collection process. Pilot study was conducted to facilitate reliability and validity of the research instruments. A drop-pick method was used when using questionnaires, while a pre-visit and bookings for interviews with general managers will be done. Data collected was safely stored ready for analysis.

3.6. Data analysis

The study did use descriptive statistics to analyze quantitative data for the study(Flick, 2015). Descriptive statistics involves using measures of central tendency (mean) and measures of dispersion (variance, standard deviation)(Flick, 2015). SPSS (statistical programme of social sciences) computerized package windows version 21 was the tool used to aid in the analysis. Qualitative data was analyzed qualitatively using ‘Jigsaw puzzle analogy.’ The analogy involves piecing together related statements to form meaningful deductions like that of a game puzzle (Kothari, 2012).

3.7. Operationalization of study variable

Table 3.1 shows the operationalization of the variables.

Objectives	Variable	Measuring indicators	Data collection instruments	Scale	Method of data analysis
To establish the extent to which redesigning of products affect market share performance of supermarkets in Kenya.	Redesigning products	-Product line change -Product characteristics changes -Packaging	-Interview - Questionnaire	Nominal/ordinal /ratio	-Descriptive statistics
To assess the extent to which cost minimization affect market share performance of supermarkets in Kenya.	Cost minimization	-Distribution changes -Price changes -Variety reductions	-Interview - Questionnaire	Nominal/ordinal /ratio	-Descriptive statistics
To establish the extent to which new market development affects market share performance of supermarkets in Kenya.	New market developments	-Sales channels -Segmentations -Ads	-Interview - Questionnaire	Nominal/ordinal /ratio	-Descriptive statistics

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.0. Introduction

The section analyzes using descriptive and inferential statistics the key variables of the study (corporate renewal strategies and sustaining market share). It provides results and discussion to support the variable relationship.

4.1. Response rate

The study did target a total of 35 respondents during the data collection all the 35 respondents were sampled and filled the instruments correctively. All the 5 general managers and 30 other top managers were able to be interviewed and given questionnaires. That represented a 100% response rate. According to Mugenda & Mugenda (1999) a response rate of more than 75% is sufficient for the study to continue.

4.2. General information

The study sought to establish the general information regarding the supermarkets by asking respondents opinion on certain questions. Findings on the questions were presented in table 4.1 and interview statements.

Table 4.1 General information

General questions		F(N=30)	%
How long have you been working in the supermarket?	Below 5 years	8	27
	6 -10 years	16	53
	Above 11 years	6	20
How many clients visiting supermarket per day?	100& below	2	7
	101 – 250	4	13
	251 – 500	5	17
	501 -750	10	33
	Above 751	9	30
Which products & services are offered by supermarket?	Consumer items	4	13
	Clothing's	3	10
	Furniture & electronic	2	7
	All of them	21	70

Table 4.1 findings shows that a significant number of respondents 22 (73%) have worked an average of 8.5 years in the supermarket. *This is supported further from interview schedule findings which showed all the general managers had worked more than 10 years in the supermarket.* That is clarified by Hollensen (2015) who clarifies that the more years an employee has worked the more they understand their organization. Findings showed that a total of 19 (63%) of the respondents stated that an average of 750 customers visit the supermarket in a day. *This is supported by interview schedule findings where 3 out of the general managers mentioning that their performance during the current period is good.* That proves an indicator of measuring market share by Gitau (2015) who says maintaining a huge customer base is a critical component in maintaining market share performance in a competitive environment. Majority of the respondents 21(70%) stated that they provide a variety of products and services to its customers.

4.3. Resigning product renewal strategies and market share

The respondents were asked to state how the following resigning product strategies can lead to market share. Findings were presented in table 4.2.

Table 4.2 Resigning product renewal strategies and market share

Statement	N	Mean	Std.	
			Deviation	Variance
The firm changing the product line increases sales revenues	30	4.3317	.6056	.409
Changes in product characteristics has facilitated market penetration	30	4.2021	.7309	.508
Packaging of the firm has enable firm to penetrate the market	30	3.7805	.6025	.262
Redesigning of firms product has made the firm to perform	30	4.5937	0.1902	1.293

Findings from table 4.2 showed a (mean 4.3317, SD=0.6056) agreed that the firm changing its product has increased its sales revenues. That is supported by a study by Hull & Basu (2016) who stated that changing the firm product redesign as enabled the firm to capture new customers and maintain old loyal customers to be happy. Respondents with a (mean 4.2021, SD=07309) stated that changes in product characteristics has facilitated market penetration. Schori et.al (2014) compliments the finds by stating that changes in product characteristics has enabled firms to face off competition and penetrate new markets.

Respondents with a (mean 3.7805, SD=0.6025) were in opinion that packaging of the firm has enabled firm to penetrate the market. This finding is confirmed by Baker (2014) who states that firm packaging has helped in promoting international and local growth increasing the customer base of the firm. In conclusion the study found that redesigning of firms product has made thee firm to perform in its market share from statistical finding from the respondents with a (mean 4.5937, SD=0.1902).

Findings from the interview schedule for the 5 general managers were as follows:

‘Two of the general managers agreed that the supermarket have been changing supermarket product characteristics, and packaging which has enabled them to continue sustaining their performance in the market. One general manager opposed rebranding to have contributed to market share performance stating that it is waste of time and money. The other two general managers were positive in using the renewal strategy if they are given resources to do so.’

4.4. Cost minimization renewal strategy and market share

Supermarkets employ cost minimization as part of its renewal strategy. Responses on the aspects of cost minimization and market share are presented in table 4 and interview statements.

Table 4.3 Cost minimization renewal strategies and market share

Statement	N	Mean	Std. Deviation	Variance
Changes in the firms distribution channels have increased sales revenues	30	4.6227	.5546	.313
Price flexibility has enabled the firm to penetrate the market	30	4.5132	.6512	.415
The firm variety reduction has enabled the firm to increase revenue	30	4.5511	.5134	.331
Cost minimization has enabled the firm to perform well in the market	30	4.6925	0.2513	1.251

Table 4.3 findings shows that respondents with (mean=4.6227, SD=0.5546) stated that changes in the firms distribution channels have increased sales revenues. According to Hull & Basu (2016) choosing a suitable distribution channel is critical in ensuring performance of firms is enhanced. Respondents agreed with (mean=4.5132, SD=0.6512) that price flexibility has enabled the firm to penetrate the market. The finding is supported by Wu (2014) who states that leading supermarkets in South Africa are employing a customer switching costs as a method to encourage customer loyalty. Respondents supported with (mean=4.5511, SD=0.5134) that the firm variety reduction has enabled the firm to increase its revenue.

Graham (2013) affirms the finding by stating that TESCO supermarkets carry out cost minimization by reducing expenditures on unnecessary products and services. In conclusion majority of respondents (mean =4.6925, SD=0.2513) stated that cost minimization has enabled the firm to perform well in the market.

Findings from the interview scheduled were as follows:

‘Four of the five general managers agreed that cost minimization is the most employed renewal strategy employed by the supermarkets. Cost minimization is through seeking suitable sources of goods and services, eliminating processes that do not add value, disposing items that are not bought frequently, employing fewer employees, and applying franchising where possible. The other two general managers stated that cost minimization is the last resort in reviving the supermarket in case they are facing closure.

4.5. New market development renewal strategy and market share

Supermarket employ new market development strategies that facilitate market share performance. Respondents were asked to state their level of agreement and findings were reported in table 4.4

Table 4.4 New market development renewal strategy and market share

Statement	N	Mean	Std.	
			Deviation	Variance
Changing sales channels has increased revenues for the firm	30	4.7732	.5452	.234
Setting new markets segments has increased market penetration	30	4.7851	.6121	.322
Advertisement has enabled to capture more customers	30	4.6444	.3213	.324
New market developments have enabled the firm to perform well	30	4.8634	0.1421	1.132

Table 4.4 shows responses on use of new market development as a strategy for sustaining market share. Respondents with a (mean=4.7732, SD=0.5452) stated that changing sales channels will increase the revenue of the firm. Patel (2017) agree that supermarket change methods of approaching its customers by searching for new channels to make sales. That is further proven by respondents with a (mean 4.7851, SD=0.6121) who agree that setting new market segments has increased market penetration. In addition, respondents with (mean=4.6444, SD=0.3213) agreed that advertisement has enabled supermarkets to capture more customers. Lehdonviita (2014) agrees that supermarket advertise frequently to keep its customers informed of new changes. Majority of respondents (mean=4.8634, SD=0.1421) agreed that new market development have enabled the firm to perform well.

4.6. Corporate renewal strategy and supermarket market share

Respondents were asked to state whether corporate renewal strategies as enhance market share performance of their supermarkets. A significant number of respondents 18 (60%) and 9 (30%) did agree strongly and strongly respectively that use of the strategies have continued to enhance their market share performance sustaining their own operations. Only a few number of respondents refuted on the same. This finding is supported by Porters (1980) study that asserts that corporate renewal strategies forms a process that facilitates change in the product and process that results to performance and sustainability.

Findings from the interview schedule on firm's performance and corporate renewal strategies were as follows:

'Two of the general manager mentioned that over the years completion has been tough and seen the supermarkets facing declines in transactions, sales and revenues. Supermarket business is not consistent enough due to changes in the environment. Three general managers were in agreement that corporate strategies are useful in ensuring the business remain afloat and become sustainable in the long run.'

4.7. Challenges facing supermarkets

Respondents were asked to state examples of challenges facing supermarket performance in sustaining its market share. The study found out that 24 (80%) of the respondents mentioned competition as one of the significant challenge facing them. Other challenges mentioned in addition to the major one included: lack of resources, factors like inflation, taxes and poor policies. The findings are supported by a study by Wolf & Floyd (2017)

who argue that old supermarkets are faced with the challenge of maintaining their market share performance from new emerging supermarkets that are keen in offering quality goods and services.

Findings from the interview schedule on challenges facing supermarket were as follows:

‘Three of the five general managers interviewed clearly mentioned rivalry and emergence of new supermarkets to be the major problem facing them. Supermarkets have obligations of changing their own strategies in order to remain relevant and sustainable in the market. Two other managers stated that economic factor like inflation to be the main hindrance to their own performance.’

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

The response rate for the study was 100% after all the respondents targeted were eventually sampled. Majority of the respondents were found to have worked for a period of over 6 years in their respective supermarkets. It was further established that an average of 251 customers visit the selected supermarket in a day and being provided with variety of products and services. Respondents were able to identify competition with rivalry supermarkets being the major challenge facing their operations.

The study established that changing of product line and characteristics of the services and products can significantly increase and enhance significantly market penetration if employed by supermarkets. Respondents did mention that packaging the firm in terms of branding and new image brings freshness in supermarkets leading to significant market penetrations.

Based on the use of cost minimization corporate renewal strategy the study established that changing the supermarket distribution channel and employing variety reduction would be a good facilitator in increasing sales revenues. The study did further establish that use of price flexibility is a suitable strategy adopted by supermarket to penetrate the market.

Based on new market development corporate renewal strategy the study found that setting up new market segments and changing sales channels to be efficient in increasing supermarket revenues. Supermarkets are found to employ renewal advertisements in order

to inform customers of new offers and changes thus capturing new customers and maintaining customer loyalty.

5.2. Conclusion

Resigning product renewal strategy is a significant method of enhancing market penetration, increasing sales revenue and maintaining a sustainable market performance. Managers of supermarkets are required to periodically redesign their products to sustain market share performance. The study found that changes in the firm's distribution channels have increased sales revenues. Cost minimization is a useful corporate renewal strategy that contributes significantly in capturing new markets and maintaining customer loyalty. Managers employ cost minimization to their supermarket operations to ensure efficiency and sustainability is maintained.

New market development corporate strategy contributes positively to supermarket market share performance. It is then important from the study that managers of supermarkets set new market segments which will increase market penetration. It leads to capturing new customers, maintaining customer loyalty and increased revenues. Supermarkets are employing the strategy to face off competitors and penetrate new markets. The study can conclude that strategies have continued to enhance their market share performance sustaining their own operations.

5.3. Recommendation

The study recommends the following contributions based on the findings:

- i. Supermarket managers need to frequently employ corporate strategies to sustain their own market share performance.
- ii. Corporate renewal strategies should form part of policy strategic formulation in firms
- iii. Corporate renewal strategy should be integrated in decline stage of any product life cycle model.

5.4. Limitations

The current study only focused on a few selected supermarkets faced with competition from similar firms as part of the study justification to conduct the study by using renewal strategies. But in ideal scenario other factors may have contributed to decline to market share performance in which the study assumed them to be constant.

5.5. Suggestions

Future studies need to increase scope by covering other indigenous supermarket across the country to have a bigger picture to the study problem. In addition, corporate renewal strategies can be used in other firms not limited to supermarkets.

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APPENDICES

Appendix I: Letter of introduction



UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS

Telephone: +254 795121
Telegrams: "Varsity" Nairobi
Telex: 22095 Varsity

P.O. Box 594 - 30100
Eldoret, KENYA

11 October 2018

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH


DORINE JEBET NG'ENY – REGISTRATION NO. D61/6016/2017

This is to confirm that the above named is a bona fide student in the Master of Business Administration (MBA. Strategic Management) option degree program in this University. He is conducting research on *"Corporate Renewal Strategies Used by Selected Supermarkets in Kenya to Sustain Market Share"*.

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.


Dr. John Yabs
Co-ordinator,
School of Business
Eldoret Campus

JY/MK



Appendix II: Questionnaire of the respondents

Participant code: [] [] []

Please answer the following questions either by ticking an appropriate box or by providing an appropriate answer where no box is provided. The questionnaire has a likert scale whose measurement scale is as follows: 5= Strongly Agree; 4= Agree; 3 = No comment; 2= Disagree and 1 = Strongly Disagree

N/B Skip to your appropriate part.

SECTION A: GENERAL QUESTIONS ON BACKGROUND INFORMATION

1. How long has you been working in the supermarket?

Below 5 years 6-10 years above 11 years

2. How many clients visit the supermarket daily?

100 & below 101 – 250

251 – 500 501 – 750

Above 751

3. Which are some of the products and services does yoursupermarket offer?

Consumer items

Clothing's Furniture& electronic

All of them

Other specify.....

4. Applying to the key provided, please indicate your extent of agreement or disagreement to the following statements on product design and market share performance. Tick in the appropriate box.

5 = Strongly Agree; **4**= Agree; **3** = No comment; **2** = Disagree; **1** = Strongly Disagree

Statements	5	4	3	2	1
The firm changing the product line increases sales revenues					
Changes in product characteristics has facilitated market penetration					
Packaging of the firm has enabled the firm to penetrate the market					
Redesigning of firms product has made the firm to perform					

5. Applying to the key provided, please indicate your extent of agreement or disagreement to the following statements on cost minimization and market share performance. Tick in the appropriate box.

5 = Strongly Agree; **4**= Agree; **3** = No comment; **2** = Disagree; **1** = Strongly Disagree

Statements	5	4	3	2	1
Changes in the firms distribution channels have increased sales revenues					
Price flexibility has enabled the firm to penetrate the market					
The firm variety reduction has enabled the firm to increase revenue					
Cost minimization has enabled the firm to perform well in the market					

6. Applying to the key provided, please indicate your extent of agreement or disagreement to the following statements on new market development and market share performance. Tick in the appropriate box.

5 = Strongly Agree; **4**= Agree; **3** = No comment; **2** = Disagree; **1** = Strongly Disagree

Statements	5	4	3	2	1
Changing sales channels has increased revenues for the firm					
Market new market segments has increased market penetration					
Advertisement has enabled to capture more customers					
New market developments have enabled the firm to perform well					

7. Please indicate your level of agreement to the following statement:

Your supermarket renewal strategies have enabled the firm to perform well in the market.

The measurement scale is 5 = Strongly Agree; 4= Agree; 3 = No comment; 2 = Disagree;

1 = Strongly Disagree

Strongly Agree

Agree

No comment

Disagree

Strongly Disagree

8. Kindly, indicate, which are the challenges facing your supermarkets?

Competition

Lack of sufficient resources

Economic factors

Poor management policies

Others specify.....

Appendix III: Interview schedule

The interview will be conducted for 15-30 minute session

- a. How many years have you worked in the supermarket?
- b. How is your performance? Is it consistent enough?
- c. Have you faced a decline in sales, transactions and revenues?
- d. Are you faced with other challenges facing your operations?
- e. Which renewal strategies do you employ for the business to remain afloat?
- f. Are the renewal challenges effective in improving your market performance?

Appendix IV: List of supermarkets in the study area

No.	Name of supermarkets
1	Ukwala supermarkets
2	Tuskys supermarket
4	Naivas supermarkets
5.	Khetias supermarket
6.	Uchumi supermarket