STRATEGIES ADOPTED BY FAIRMONT HOTELS AND RESORTS TO GAIN COMPETITIVE ADVANTAGE IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented to any examination body for the award of any certificate.

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DEDICATION

I dedicate this work to God and my mother, Mrs. Zillpher Auma Oracha. Mom, you are my heroine!

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ABSTRACT

Competitive strategies enable an organization to have an advantage over its competitors. Each organization employs different strategies to gain competitive advantage in the various industries.This research study had one key objective, to establish the competitive strategies that are being used by Fairmont hotels and Resorts to gain competitive advantage in Kenya. There were three key respondents who are directors at Fairmont hotels and Resorts Kenya. Primary data was collected from three respondents using an interview guide. The finding showed that Fairmont uses various strategies interchangeably. Some of the key strategies that have been adopted by FHR in order to win and maintain business are market penetration, differentiation strategy, focus and integrated differentiation and cost focus. FHR has also gained huge competitive advantage from the way it maintains its value chain. The value chain is maintained by adoption of various ERP software able to ensure that the different components of the value chain contribute to the final profit margin. FHR is in the service industry and constantly take the staff back to school for refresher courses especially the service intensive departments like food service, front office and food production department. Communication with stakeholders has been another key way in which FHR has been able to gain competitive advantage. From this study it is recommended that the management of FHR needs to be more proactive in its response strategies instead of using reactive strategies. FHR should actively market its products to reach its target market. FHR should involve all the employees within the organization in the planning stages to create a feeling of ownership by the staff.

CHAPTER ONE: INTRODUCTION

1.1Background of the Study

Competitive strategies enable an organization to have an advantage over its competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and services that justify the higher prices. Following on from his work analyzing the competitive forces in an industry, Porter (2010) suggested four generic business strategies that could be adopted in order to gain competitive advantage. Proper management of the value chain activities in an organization as well as exemplary value proposition can be great sources of competitive advantage in the organization (Pearce and Robinson, 2010).

The resources a company holds determine how well that company performs its activities. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Competitive advantage ultimately can be attributed to ownership of valuable resources that enable the company perform its activities better than competitors. Organizational capabilities are defined by the complex combination of assets, people and processes that companies use to transform inputs into outputs. Inimitability, durability, appropritability, substitutability and competitive superiority Strategy Lenses, different persons conceive or see situations in different ways. Similarly, people tend to view strategy in different ways. Strategy as design, strategy as experience, strategy as ideas these different perspectives have been seen as strategy lenses (Johnson and Scholes, 2002).

The hotel industry falls within the larger tourism industry, as the two are inseparable. The hotels industry in Kenya is experiencing an increase in the bed capacity with an average growth rate of 20% per annum (KTB, 2010). This has led to increased competition that has seen the industry players come up with different strategies to enable them have sustainable competitive advantage to enable their survival.

1.1.1 Competitive Strategy

Strategy is the game plan management has for positioning the company in its chosen market place, competing successfully, pleasing customers and achieving good business performance. Pearce and Robinson (1997) explains that there are five key characteristic that a strategy has to adopt in order to be successful, it should define the business domain of the organization, should have the long term direction of an organization, should have a strategic fit and should give the organization a competitive advantage.

Strategy is the game plan that organizations use to gain competitive advantage within their domain of operation. An organization without a strategy is like an organization without a direction. Organization strategy is done in three key stages, these are the corporate level that defines the kind of business the organization is in or wants to be in and how to enter or exit a specific business. Business level defines how the organization is going to compete in its environment and which strategies are relevant to the particular area. While the functional level define how the specific departments in the organization deploy their resources to execute the agreed strategy (Johnson and Scholes, 2006).

1.1.2 Competitive Advantage

Strategies enable an organization to have an advantage over its competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and services that justify the higher prices. Following on from his work analyzing the competitive forces in an industry, Porter (2010) suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of businesses' activities are narrow versus broad and the extent to which a business seeks to differentiate its product (Pearce and Robinson, 1997). This can be by cost leadership, differentiation, differentiation focus and cost focus.

Aaker and Mcloughlin (2007) suggest that an organization can achieve competitive advantage through managing its value chain activities and managing activities and the linkages between them. These can be deployed to give distinct customer benefits. The value chain model of corporate activities, developed by Porter (1985) offers a bird's eye view of the firm and what it does, competitive advantage says Porter, arises out of the way an organization uses its inputs and transforms them into the outputs that customers pay for. The processes involved in this transformation are called value activities.

1.1.3 The Hotel Industry in Kenya

The Hotel industry in Kenya is one of the fastest growing industries in the country with a continuous growth rate of about twenty percent every year (Hotelnews.com, 2012). It is a very sensitive industry that is greatly dynamic. The Hotel industry is an integral part of the hospitality and tourism industry as the tourism industry cannot function without the accommodation that is needed to accommodate the different tourists; leisure, business, sports, religious or health tourists. The Hotel industry in Kenya is divided into different categories. There are those that are star rated at various categories as a sign of recognition of quality while there are those that are not yet star rated as they have not been able to meet all the criteria that is deemed necessary for the recognition awards (Hospitalitynet.org, 2012).

The Star rated hotels are divided into seven categories but Kenya is currently on the fifth category. There are the one star, two stars, three stars, four stars and the five stars. The five stars category has very minimal number as it is a group that is hard to penetrate due to various reasons like, amenities offered in the rooms, the number of rooms in the hotel and the kind of service that is offered at the hotel. Hotels industry in Kenya is divided into different categories these are lodges which are located within the national parks, the resorts which are located in excluded places outside conservation areas and finally the hotels which are located in the commercial regions of the country (Hotelnews.com, 2012).

1.1.4 Fairmont Hotels and Resorts, Kenya

Fairmont Hotels and Resorts is an internationally managed chain of Hotels and Resorts that endowed with managing up market properties and has its subsidiaries all over the World with its head office being in Toronto Canada. It is an established brand in North America but fairly new brand in East Africa and Kenya to be Specific. Fairmont initial penetration to East Africa was in 2006 when Fairmont was chosen to mange five properties from the Lonrho groups of Hotels, these were, Fairmont The Norfolk, Fairmont Mount Kenya Safari Club, Fairmont Mara Safari Club, Fairmont

Zanzibar, The Ark and Aberdare Country Club. The decision to manage different properties was based on Fairmont value realization strategy that specified expansion to the unexploited market as one of the great avenue to the realization of the strategy. With time Fairmont has been able to revise its strategies that have led to the disposal of three properties; Fairmont Zanzibar, The Ark and Aberdare Country Club, leaving it with three properties in Kenya as below (Fairmont.com, 2012).

Fairmont The Norfolk Nairobi's landmark hotel situated directly opposite the National Theatre and in the heart of Business District. It has 165 guest rooms and is located approximately thirty minutes drive from the Jomo Kenyatta International Airport, ten minutes walk from the Central Business District. Fairmont The Norfolk has four restaurants with 24 hour room service that has executive meeting rooms, conference facility and business centre. Within the premises is Outdoor heated swimming pool, health club, sauna, Eucalyptus steam room, beautifully restored public areas and historic bedrooms blocks (Fairmont.com, 2012).

Spread over 100 acres of manicured lawns, tranquil streams and landscaped gardens, and with spectacular views of Mount Kenya in the distance, Fairmont Mount Kenya Safari Club provides peaceful respite after a day of adventure. Each of the 120 guest rooms, suites and cottages reflects the history and charm of the original residence complete with modern-day amenities. Sumptuous dining options range from light fare served next to the outdoor pool, to authentic Kenyan cuisine in the signature restaurant. The perfect place to host a meeting or event, with four meeting rooms, our expert conference and catering team will ensure a unique and memorable experience. With nature's bounty at your doorstep, no visit to Kenya is complete without a stay here, the country's most famous retreat (Fairmont.com, 2012).

Located at the foot hills of Aitong Hills, Fairmont Mara Safari club offers 51 luxury tents with four food and beverage options plus incredible offsite bush excursions Surrounded on three sides by the Mara River and numerous outdoor activities Game drives in open air vehicles, Walking Safaris Bird walks, Masai Village trips, Outdoor swimming pool (Fairmont.com, 2012).

1.2 Research Problem

Competitive strategies enable an organization to have an advantage over its competitors gained by offering consumers greater value. According to Porter (1985) this is the key reason why organizations need strategy which is the game plan management has for positioning the company in its chosen market place, competing successfully, pleasing customers and achieving good business performance. Competitive strategies enable an organization to have an advantage over its competitors and it is important that any organization poses strategies that are unique to their business functions.

Fairmont Hotels and Resorts is a premium brand of internationally managed hotel chain.With the increase in competition from other renowned hotel brands in Kenya, Fairmont Hotels and Resorts has been forced to come up with strategies that will enable it have and edge over their competitors or enable them maintain their status quo in the industry without losing out on the current market share. However the Hospitality industry as compared to other service sectors has not been quite up beat on formulation and implementation of new strategies as anticipated from the increased competition (Hotelnews.com, 2012).

Various studies have been done regarding strategies adopted by organizations. These include Njau (2000) and, Hinga (2007). These previous studies, further relays lack of studies which solely focuses on the hospitality sector in Kenya. The above studies have established that different organizations employ different strategies in order to compete in their various industries. Fairmont Hotels and Resorts is a recent player in the Kenyan Hotel Industry. And with the increasing competition from the new entrants in the industry it is important to establish strategies Fairmont Hotels and Resorts is employing in the face of increasing competition in the hotel industry. Each organization employs different strategies to gain competitive advantage in the various industries. What are the strategies that Fairmont Hotels and Resorts is using in Kenya to gain competitive advantage?

1.3 Research Objective

The objective of this study is to establish the strategies adopted by Fairmont Hotels and Resorts to gain competitive advantage in Kenya.

1.4Value of the Study

This research study will be important to a number of people who are stakeholders in the Hotel industry. The first will be Fairmont Hotels and Resorts Kenya, that will have an introspective view and get a chance to rethink, maintain or do a complete overhaul of its strategies and have an idea of what is happening on the background and how best it can work on its strategies to have a sustainable competitive advantage.

The second group are the shareholders, this research will help the owners to know why they are not getting as much returns on their investment and what is it that their agents entrusted as the managers are not doing right. It will also enable the owners to have an idea of the sustainable strategic moves that they can make to enable their corporation be a success and clearly position their product better than their competitors.

The Ministry of Tourism will be one of the beneficiaries of this study as it will be able to get a detailed analysis of one important organization that fall within its docket, especially now that it is trying to re-classify the hotels to meet the international standards. It will also enable the ministry to clearly evaluate its moves especially the Familiarization trips that are usually organized by KTB a parastatal within the ministry to help market Kenya as a Tourism destination and analyze how effective the familiarization trips. Last but not least this study will be of great importance to academicians to whom this will act as a building block in them furthering their studies on the same field as the hospitality and tourism industry is one of the fields that have the least studies done on it. With this pilot study in the hotel industry it will be easy for other scholars to build on the findings of the current study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Strategy is concerned with how a company can gain a competitive advantage through a distinctive way of competing (Porter, 1985). The chapter presents literature review and strategies used to gain competitive models globally, regionally and locally. The chapter is organised as follows concept of strategy, competitive advantage, resource based view, strategic approaches that have been used by organizations to gain competitive advantage, and finally the challenges of competition within the hotel industry.

2.2Concept of Strategy

The concept of strategy has been much used and often abused. However, it is a multi-dimensional concept and has found application in all fields of study and life. Mintzberg (1998), defines strategy from five key dimensions strategy as a plan, strategy specifies a consciously intended course of action and is designed in advance of the actions it governs and developed deliberately. It may be general or specific. Strategy as a ploy is a specific maneuver intended to outwit a competitor. The idea is to outsmart and shed off competitor threat. Strategy as a pattern, strategy is a pattern that emerges from a stream of actions, it is developed in the absence of intentions and without pre-conception. Strategy as a position, it's a means of locating an organization in the environment; it indicates how an organization will develop a sustainable competitive advantage. Strategy as a perspective, strategy gives an organization an identity and a perspective and reveals the way an organization perceives the outside world, strategy as a perspective may be an abstraction which only exists in the mind of some interested party (Ansoff and McDonnell, 1990).

A formal strategy is defined by the extent of deliberateness in planning, identifiable process, time spent on planning, documented and communicated to others. There are a number of factors influencing formality of strategy, Organizational factors including growth in size, complexity in products or markets. External factors including technology, competition, economics and performance. Perception of a decline in performance or feeling that a mistake has been made in the past. Benefits of formality, promotes unity of purpose, direction and commitment, forces managers to deliberately think about strategy, requires analysis in addition to intuition, results in documented strategy, communication of strategy is easier (Freedman, 2003). Formality is sometimes characterized by the following dangers. Inflexibility, creativity and originality may be inhibited. Time consuming, inappropriate executives may be involved. Organizational decisions fall into two categories, strategic decision and operational decisions. The two are important in organizations but the focus and characteristics are different (Chandler, 1962).

There are two basic frameworks that seem to inform the various models of strategy development in organizations and these are strategic fit and strategic stretch. Strategic fit, is developing strategies by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these opportunities. Strategic stretch, is the leverage of the resources and competences of an organization to provide competitive advantage and yield new opportunities (Chandler, 1962).

Under the strategic fit, there are two models. Competitive forces model, central tenet of this approach is the need to align the organization to its environment, a key aspect of which is the industry in which it operates. Industry structure strongly influences the competitive rules of the game as well as the range of strategies open to the organization, Porter (2010) framework argues that there are five forces that determine the attractiveness of an industry, entry barriers, threat of substitutes, bargaining power of buyers, bargaining power of suppliers and rivalry amongst the firms.

Strategic conflict model, borrows heavily from the game theory to understand the nature of competitive engagements between rival firms. Central to this model is the view that a firm can achieve increased profits by influencing the actions and behavior of its rivals and thus, in effect manipulate the market environment. Superiority of the firm depends largely on its ability to out-wit and out-maneuvers its rivals, situation. The model recognizes the role of strategic signaling as an important mechanism for influencing or intimidating rivals (Grant, 1991).

Strategic stretch has two models within it. In strategic intent, many companies follow strategies that imitate the industry leader, imitation does not lead to competitive revitalization but rather preoccupation with catching up. Strategic intent means taking on a market leader. Careful management of competitive engagements so that scarce resources are conserved, requires fundamental changes in the game in a way that disadvantages the leader, relies heavily on innovation and not competitive imitation. Resource Based View, first coined by Wernefelt (1984), to advance the idea that strategy of a firm is a function of the complement of the resources held. The essence of the Resource Based Model is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies (Bowman, 1987).

The resources a company holds determine how well that company performs its activities. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Competitive advantage ultimately can be attributed to ownership of valuable resources that enable the company perform its activities better than competitors. Organizational capabilities are defined by the complex combination of assets, people and processes that companies use to transform inputs into outputs. Inimitability, durability, appropritability, substitutability and competitive superiority strategy lenses, different persons conceive or see situations in different ways. Similarly, people tend to view strategy in different ways. Strategy as design, strategy as experience, strategy as ideas these different perspectives have been seen as strategy lenses (Porter, 2010).

2.3 Competitive Advantage

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to four generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus (Porter, 1985)

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. The organizations that are successful in achieving cost leadership usually have access to the capital needed to invest in technology that will bring cost down, very efficient logistics and a low cost base like labor, materials and facilities and a way of sustainably cutting costs below those of other competitors (Porter, 1985).

Differentiation is an approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive campaign. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. To make a success of the differentiation strategy, the organization need good research development and innovation, ability to deliver high quality product or services and effective sales and marketing so that the market understands the benefits offered by the differentiated offerings (Porter, 1985).

The focus strategy has two variants, in cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Bowman, 1987).

The purpose of competitive strategy is to build a sustainable competitive advantage over the organization's rivals. It defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies (Bowman, 1987).

Competitive strategy helps an organization come up with answers to the following questions. How do we define our business today and how will we define it tomorrow? In what industries or markets will we compete? The intensity of competition in an industry determines its profit potential and competitive attractiveness. How will we respond to the competitive forces in these industries or markets from suppliers, rivals, new entrants, substitute products, customers? What will be our fundamental approach to attaining competitive advantage low price, differentiation, and niche? What size or market position do we plan to achieve? What will be our focus and method for growth in sales or profit margins, internally or by acquisition? The key to strategy formulation lies in understanding and overcoming the system barriers that obstruct the attainment of organizational goals. An effective strategy recognizes these barriers and develops decisions and choices that circumvent them (Bowman, 1987).

Aaker and Mcloughlin (2007) suggest that an organization can achieve competitive advantage through managing its value chain activities and managing activities and the linkages between them. These can be deployed to give distinct customer benefits. The value chain model of corporate activities, developed by Porter (1985) offers a bird's eye view of the firm and what it does. Competitive advantage says Porter, arises out of the way an organization uses its inputs and transforms them into the outputs that customers pay for. The processes involved in this transformation are called value activities

A firm can also achieve competitive advantage through its value proposition. Value proposition is the perceived functional, emotional, social or self expressive benefit that is provided by the organization's offering. One or more value propositioned to be relevant and meaningful to the customer, and reflected in the positioning of the product or the service. To support a successful strategy, the propositions should be sustainable over time and differentiate the offering over the competitor (Aaker and McLoughlin, 2007).

A customer can evaluate a company's value proposition on two levels, relative performance this is what the customer gets relative to what she or he would get from a competitor and price which is the payment made to acquire the product or the service. Value proposition is used to gain competitive advantage through the firms marketing strategy and may guide a business to target a particular market segment.

Competitive advantage can be gained too through the use of Mckinsey 7s Model that was designed to show how the various aspects of business relate to one another. It shows the links between the organizations behavior and the behavior of the individuals within it. The seven elements of the Mckinsey model are the structure strategy and systems that were considered hard but are now becoming more flexible, while the shared values are right at the centre of the organization and act as the guiding principles for the people in it. The staff, style and skills are considered the soft elements (Hooley et al, 2007).

2.4 The Resource Based View of Strategy

The resource based approach to strategy begins from consideration of strengths and weaknesses and, in particular, of distinctive competencies. It was developed in response to two key issues. Many environments are too complex and dynamic to permit continuing effective analysis and response and once an opportunity is discerned and an offering made, it is very easy for competitors to make similar offerings, thus rapidly eroding competitive advantage (Wernerfert, 1984).

The resource based view is that sustainable competitive advantage is only attained as a result of the possession of distinctive resources. These may be physical resources, such as effective monopolization of diamonds by De Beers or, more typically in today's service economies, they may be core competencies. Core competences critically underpin an organizations competitive advantage.

Competences develop in a variety of ways, these are through experience in making and marketing a product or a service, the talents and potential of individuals in the organization and finally through the quality of coordination in the organization. Johnson et al (2007) divide competences into two types, an organization being ato achieve at least a threshold level of competences n everything it does and having core competences in which it outperforms competitors and are difficult to imitate.

Hamel and Prahalad (1996) suggest that an important aspect of strategic management is the determining of the competences the company will require in the future in order to be able to provide new benefits to customers, and they suggest that core competences must possess three key qualities, these are make disproportionate contribution to the value the customer perceives, be competitively unique and finally be extendable to allow development of an array of new products and services.

2.5 Strategic Approaches

Three basic strategic approaches are possible Offensive strategy, overcoming the barriers to goal achievement by changing the systemic relationships creating them. This strategy often requires significant capital investment and includes the following options. Changing or altering the competitive structure or environment in your industry forward or backward integration, acquiring competitors. Anticipating industry competitive structural change and positioning your organization to exploit this change before others recognize it by developing substitute products, changing the mode of sale or distribution and diversifying into more attractive markets (Drucker, 1955).

Defensive strategy is accepting the industry competitive forces as given and positioning your organization to best defend against them. This could include harvesting and selling the business before competitive conditions cause its value to drop. Guerilla or niche strategy, minimizing or neutralizing barriers by reducing the size of the playing field and taking an offensive or defensive position in a smaller, more attractive market segment (Drucker, 1955).

2.6 Challenges of Competition

Competition poses great challenges to organizations and hence organizations need to always come up with ideas that can successfully translate into sustainable competitive advantage. The key areas that the researcher will look at in analyzing the challenges posed by competition are employee career development in relation to their job descriptions, the environment concerns has also seen most of the hotels go green environmental dimensions and the price policies.

Technology is important as the Internet has a significant impact on the makeup of this marketing mix, hotels should develop strategies that take the unique nature of online marketing into account. Without embracing the technological changes in the business industry a firm will not be able to sustain its operations within the same industry and as a result might be wiped out of existence applied by the various industry players (McCarthy, 1999).

2.6.1 Technology and Price Wars

According to McCarthy (1980) and Perrault and McCarthy (1999) a firm develops its marketing strategies by first identifying the target market for its products or services. It then develops a marketing mix, a particular combination of product, price, promotion, and place designed to enhance sales to the target market. A unique mix of these elements in a given industry allows firms to compete more effectively, thus ensuring profitability and sustainability.

Since the Internet has a significant impact on the makeup of this marketing mix, hotels should develop strategies that take the unique nature of online marketing into account. Without embracing the technological changes in the business industry a firm will not be able to sustain its operations within the same industry and as a result might be wiped out of existence. Hence most of the hotels are adopting the latest technological advancements to ensure that they have leverage over other competitors within the industry (Burgelman and Christesen, 2009).

Increase in competition has also seen a decrease to the rate at which prices increase every year. This is due to the fact that the clients will opt to go for affordable hotels that have quality service or product than spend on similar hotel with similar product and service. Those hotels that have employed differentiation strategy have been forced to offer something extra to the guests to enable them pay for the highly demanded prices (Hamel and Prahalad, 1994).

2.6.2 Employee Development

The hospitality industry is faced with cutthroat competition that has seen the bed capacity increase at 20% annually (KFT, 2011). This has seen the hotels adopt different strategies to enable them cope with the increasing competition. Some of the key issues that are being implemented by the players in the industry are, increased refresher course training to ensure that the personnel offer quality services always, most of the organizations are also taking their management staff back to school to give them the ability to cope with the dynamic industry environment.

The intensified competition has also seen the launch of the Kenya Tourism awards which for the first time were held in June, 2011 to reward hotels that are performing exemplary in product and service offer (Ziara, March, 2011). This enhances positive competition that enhances the product and service quality in the industry.

2.6.3 Environmental Concern

Competition has also seen most of the hotels go green environmental dimensions. As a major component of travel and tourism, the hospitality industry has a vested interest in protecting the environment which is its key resource. Indeed, by the very nature of their operations, hotels are likely to take a multitude of environmental actions that extend beyond the control of any single monitoring agency. The moral, social and political arguments for conducting business in an environmentally sound manner are becoming more and more widely accepted. This is particularly noteworthy given the potential impacts the industry can have on air quality, energy and water consumption, land use and waste generation (Ashley and Roe, 2001).

The hospitality industry is considered a significant user of energy in the form of heat and power. As a result, industry bodies regularly draw attention to the importance of eliminating ozone-depleting substances in refrigeration, air-conditioning and fire-extinguishing appliances to avoid further contributing to this phenomenon. Water is perhaps the hospitality industry's most important resource. Tourists typically consume considerably more water than local residents. A hotel can consume between 60m3 and 220m3 per guest room per year depending on the facilities provided and whether sound water conservation practices are in place, such as water flow restrictors and on-site waste water treatment facilities (Posey, 1999).

The control of environmental impacts also depends on a strong local government capable of enforcing building and planning regulations. This is particularly important at a time when tourism and hospitality businesses continue to expand into remote areas. Most hotels generate large quantities of solid waste and potentially hazardous wastes such as asbestos and solvents. Waste disposal costs money and for this reason, hotels are increasingly careful to reduce waste volumes. They do so by minimizing the materials used in the first place, recycling and reusing waste materials wherever possible, and by safely disposing of residual wastes (Hill, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter considers in detail the methods that were used to collect any primary and secondary data required in the study. The researcher discussed the research design, the choice of respondents to be interviewed, the data collection method that will be used. The researcher also discussed how the data was analyzed giving details of any models or programmes that were used in the analysis with reasons as to why these particular models or programmes were used.

3.2 Research Design

The research design used was a case study. This is because a case study is a very powerful form of qualitative analysis that involves a careful and complete observation of social units, a case study as an examination of specific phenomenon Cooper and Schindler (2003). This research aimed to find out the competitive strategies adopted by FHR and will go down to find the underlying forces and reasons behind the adopted strategies, particularly relating to competitive strategies adopted by FHR. The researcher therefore found it appropriate to use a case study as it places more emphasis on a full contextual analysis of fewer events or conditions and their interactions.

This case study was intended to establish the competitive strategies adopted by Fairmont Hotels and Resorts Kenya, and determine the challenges encountered by the firm in adopting the competitive strategies. A case study is an intensive analysis of an individual unit, stressing developmental factors in relation to context (Mugenda and Mugenda, 2003).

3.3 Data Collection

The study relied on qualitative primary data that was collected using an interview guide. The researcher sought appointments with the various respondents at their convenience. The personal interview technique was ideal for the research because it gave the researcher an opportunity to ask questions and allowed the respondents to give answers and even clarifications on any questions or response that they did not understand.

The respondents were three key individuals, director of sales Kenya, director of Sales and Marketing Africa Region and the Vice President Africa and Asia. This is because these are the key individuals who had the detailed information on the strategies that are currently being adopted by the organization and are the same individuals who come up with the competitive strategies that are to be adopted by the hotel chain in the future.

The respondents were well versed with the current competition in the region as they have worked for other competitor hotel chains before they joined FHR. The interview was conducted by the researcher herself as this gave her an opportunity to probe further and get in-depth information that might not be able to come out if someone else did the interview on behalf of the researcher. The interview guide had three key areas the information on the interviewee, the information regarding the challenges faced from competition and the competitive strategies adopted to cope with competition.

3.4 Data Analysis

Given the qualitative nature of the data collected the researcher used content analysis to analyze the data collected. Content analysis is a widely used qualitative research technique. Rather than being a single method, current applications of content analysis show three distinct approaches: conventional, directed, or summative. All three approaches were used to interpret meaning from the content of text data and, hence, adhere to the naturalistic paradigm. The major differences among the approaches were coding schemes, origins of codes, and threats to trustworthiness. In conventional content analysis, coding categories are derived directly from the text data. With a directed approach, analysis starts with a theory or relevant research findings as guidance for initial codes (Mugenda and Mugenda, 2003).

A summative content analysis involved counting and comparisons, usually of keywords or content, followed by the interpretation of the underlying context. The authors delineate analytic procedures specific to each approach and techniques addressing trustworthiness with hypothetical examples drawn from the area of end-of-life care (Hsieh and Shannon, 2005). This technique was best suited as it didn't limit the respondents on answers. Content analysis had successfully been used to conduct qualitative studies in the past. These included Njau (2000) and Hinga (2007).

CHAPTER FOUR: DATA ANALYSIS FINDINGS AND DISCUSSION

4.1 Introduction

The primary qualitative data collected with the use of a personal interview guide was analyzed and presented in this chapter. The results are presented in the form of frequencies, percentages, tables, bar charts and pie charts.

4.2 General Information

This section was mainly aimed at providing insight information on the profile of the organization. FHR currently manages three properties in Kenya. Fairmont The Norfolk, Fairmont Mount Kenya Safari club and Fairmont Mara Safari club. FHR uses Boston Consulting Group (BCG) Matrix as one of its corporate portfolio analysis tool. It provides a graphic representation for FHR to examine different businesses in its portfolio on the basis of their related market share and industry growth rates.rm

Fairmont Mount Kenya Safari Club is a star since it has a large market share in the fast growing MICE market. It generates cash but because of the first growing market it equally requires huge investment to help it maintain its lead. Its net cash flow is very modest. Fairmont Mara Safari Club is a question mark since it has a low market share while located in the high growth leisure/wholesale industry. It requires huge amount of cash to maintain or gain market share. Fairmont Mara Safari club if well maintained will be a star however if it is not well maintained will end up being a dog in the long run.

Fairmont The Norfolk is a cash cow to FHR business portfolio this is because it has a large market share in a mature slow growing industry. It requires little investment and generates cash that can be utilized for investment in the other business portfolio. Fairmont the Norfolk is the corporation's key source of cash and is specifically the core business to FHR. It is the base of the organization from its revenue contribution. It follows a stability strategy, and when it loses it appeal and moves towards deterioration then a retrenchment policy may be pursued.

4.2.1 Ownership of Fairmont Kenya

Fairmont Hotels and Resorts Kenya is a group of three hotels, Fairmont The Norfolk, Fairmont Mount Kenya Safari Club and Fairmont Mara Safari Club. The group of hotels is a private business empire owned by Kingdom Holdings a company owned by one of the Royal Families in Dubai that also has shares in the famous football club Manchester City. The hotels are managed and run under the international brand Fairmont Hotels and Resorts that has its corporate office in Toronto Canada.

4.3 Strategies Adopted By Fairmont Hotels and Resorts to Gain Competitive Advantage

Ansoff matrix has enabled FHR to decide on its growth strategy based on the products and the markets that the products are aimed at. FHR has adopted Market Penetration as its main marketing strategy to respond to the increasing competition. Market penetration which involves increasing the sales of FHR existing product and penetrating the market further by promoting the product heavily or reducing prices to increase sales has been highly adopted by all the FHR properties in Kenya as the key strategy. This is because market penetration has the lowest risk as FHR already knows its products and the market in which it operates.

The level of competition in hotels in Kenya is high as the various hotels struggle to capture the high spending tourist through the provision of luxury products.FHR depends on differentiation second to market penetration in trying to respond to the increasing competition. The hotel base in as a key strategy in trying to increase and maintain a substantial market share in the country. Through differentiation specific hotels create several products and service options for the different client base especially where the corporate, wholesale and groups' clients are involved. The offside of differentiation option is that it can only be a key differentiator for a given time after which other hotels shall have created similar solution.

Strategic alliance came in third with all the respondents choosing it as a considerable strategy especially in situations where there is a lot of influx of business from the competition due to a major event in the various destinations. Fairmont the Norfolk benefits from this especially from corporate clients from Sankara and Intercontinental when there are major functions that the individual hotels are not able to host as an individual unit. But this is solely dependent on proximity and the working relationship of the various hotels.

4.3.1 Customer Attraction and Retention Strategies

Fairmont uses a mix of various attraction and retention strategies to gain and maintain a competitive advantage in the Kenya. The strategies are applied in various proportions to reach their classified markets. The strategies are used interchangeably at the various stages of attraction and retention of the customers.FHR classifies its customers into four key categories at the individual properties, corporate, wholesale, groups and transient.

Customer Segment Classification and Profitability per property-The four key customer classifications based on the market segment are Corporate, Wholesale, Group and Transient

Table: 4.1 Fairmont The Norfolk

The Market Segments	% Contribution
Corporate	40
Wholesale	25
Groups	30
Transient	5

Source: (Fairmont.com, 2012).

Fairmont The Norfolk is the organizations cash cow, most of its business is from the corporate segment with an overall revenue of 40% followed by groups segment at 30%, then Wholesale/leisure market at 255 and finally transient business contributing 5% of the total organizations revenue.

Table: 4.2 Fairmont Mount Kenya Safari Club

The Market Segments	% Revenue Contribution
Corporate	4
Wholesale	40
Groups	30
Transient	26

Source: (Fairmont.com, 2012).

Fairmont Mount Kenya safari Club is the star, most of its business is from the wholesale segment which is at 40% this is closely followed by groups at 30%, transient at 26% and the segment with the least contribution is corporate at 4%.

Table: 4.3 Fairmont Mara Safari Club

The Market Segments	% Revenue Contribution
Corporate	1
Wholesale	70
Groups	4
Transient	25

Source: (Fairmont.com, 2012).

Fairmont Mara Safari Club is the organizations question mark with its highest revenue contribution coming from wholesale at 70%, followed by transient at 25%, groups contributes 4% and corporate is the least contributor at 1%.

FHR gives priority to the corporate clients at Norfolk, Groups clients at Mount Kenya safari club and wholesale clients at the Mara safari club. However the other various client base are given priorities at all the properties though at a varying rate depending on their general contribution to the individual properties.FHR has adopted differentiation as the most dominant strategy for the business travel clientele. This involves having product and services designed for the specific customer base and similar pricing variations system applicable for the target customer segment.

Focus differentiated was used mainly at Fairmont Mara Safari Club that greatly depends on wholesale client base that has varied individuals from the top end high spending clients to the price sensitive holiday clients who wants quality but at a minimal price. This couples pricing and differentiation thus giving FHR an avenue for tailored products and services at the property.

Cost leadership strategy is optimized at Mount Kenya safari Club that greatly depends on groups business to meet the individual group needs through providing product and services at the lowest possible price to a large client base and business volume is a key factor put into consideration when this strategy is put in use.

Customer Adaptation Strategies- Adaptation strategies come in handy for FHR in an effort to ring fence their business and customers. The defender strategy is the most utilized strategy by Fairmont The Norfolk and Mount Kenya Safari club as they highly depend on customer loyalty for their repeat business. Specific customers are given tailored product and services at negotiated rates based on their yearly production making it next to impossible for a customer to shift to competitor during their subsequent stays within the varied property destinations.

Analyzer strategy for the new development in service provision and developments based on success and or failure of competition. a good example is the provision free internet in the state of art video conferencing Facility led to great corporate business led to adoption of the same by Fairmont the Norfolk that has seen the business travel increase and consistent loyalty from the corporate segment base. With other free value adds like LCD projector, free wireless Internet for all the clients staying with us as member of the loyalty programme Fairmont presidential club at all the properties.

Prospecting strategy was adopted by all the three properties in Kenya and it is one of the major strategies that Fairmont optimizes through the use of its Sales Managers having a number of targeted sales calls per day to various clients. This is more than taking risks in creating new products in the industry through promotions and offers for the various properties and special pricing policy for the varied client base. Through flying packages at Mara Safari Club and special conference packages for Mount Kenya Safari Club.

4.3.2 Customer Communication Channels

FHR Kenya has adopted different methods to engage with their customers both existing and prospecting. Marketing Communication Channels-The extent to which FHR advertised is illustrated in table 4.4 below. This shows the various communication channels that FHR adopts to reach its client base in order to maintain a competitive advantage.FHR was asked the extent to which it advertised in print media, magazines and electronic media.

Table: 4.4 Marketing Communication Channels

Advertising Mode	Frequency in a year	% Frequency Used
Print media	40	38
Television	5	4
Website	25	24
Magazines	25	24
Others	10	10
Total	105	100

Source: (Fairmont.com, 2012).

Print media still ranks highest as the most frequently used communication channel at 38%.It is closely followed by websites and magazines that come second at 24% each. Other communication channels like brochures come in third position at 10% while the least used marketing channel was television that came in last at 5%.

Customer Feedback Channels- All FHR properties have adopted relationship manager models of a customer service. In this model the hotel assigns a company to a sales relationship manager who is usually a senior staff to act as a key point of contact from the to the customer and their key role is to ensure the customer's needs are met and they experience a seamless interaction. There is also an online survey called the JD power which is a key customer satisfaction survey tool that has been adopted by

FHR in their customer satisfaction survey to enable them get feedback on a monthly basis on the hotel on the key satisfaction areas on the hotel that are key determinants of the mission promises to the client.

There is the Trip advisor website that enables customers to post their various experiences at the various hotels in different destinations. Fairmont Hotels and Resorts Kenya has enrolled all the three Kenya properties on this website to enable them get feedback from the clients on their individual experiences during their stay. This enables the organization to maintain good performance while working on improving the weakness points mentioned by the clients on the website. The customer feedback channels are very key to FHR as it gives the organization both the positive and the negative feedback that it needs in order to provide product and services that meet customers' expectations while giving it a n opportunity to Benchmark itself against the competitors based on the feedback from the customers.

FHR recently joined the mystery shopper a program in which an service performance evaluator disguises himself or herself as a customer in a bid to check the service standard of the different outlets in the hotel. Thereafter writing a comprehensive report and giving the feedback to the concerned stakeholders in order to better their performance in providing services to the guests.

Table: 4.5 JD POWER-CUSTOMER FEEDBACK TOOL

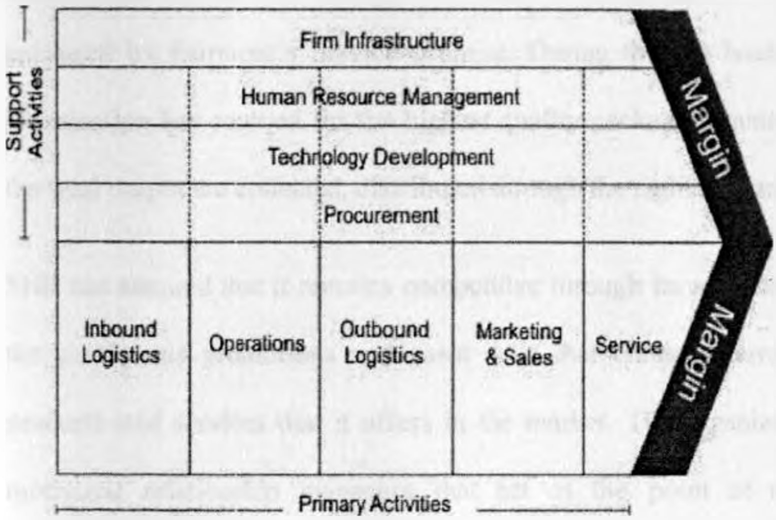
OUR FAIRMONT SERVICE PROMISE

Service Promise Scorecard	***Monthly Score June 2012***	***Change May 2012***
Engaging Service		
• Treating our guests warmly and sincerely	76%	-4%
• Ensuring our guests feel valued	76%	-8%
Unique individuals		
• Treating our guests like unique individuals	79%	-3%
• Addressing our guests by name in a consistent and appropriate manner	76%	+10%
Anticipating Needs		
• Anticipating our guests needs	68%	-5%
Problem Resolution		
• Ensuring our guest do not experience significant problems(problem Prevention)	100%-problem free.	+33%
• Resolving our guests problem if they do occur	67% Yes	+67%

Source: (Fairmont.com, 2012).

4.3.3 Value Chain Contribution to Competitive Advantage

Figure: 4.1 Porter's Generic Value Chain



Source: (Hospitality.org, 2012)

FHR has used Porter's Value Chain to focus on its systems and how inputs are changed into outputs that are purchased by the consumers.FHR has concentrated on its primary activities that relate directly to the physical creation, sale, maintenance and support of product or service. This has been successfully been done from the inbound logistics stage which involves the way in which its raw materials are received at the procurement department to how they are stored and distributed to the individual departments.FHR has ensured that all its products are received in the utmost hygienic conditions, stored at optimum temperatures as specified by the manufacturers and distributed through the right inventory management system as specified using FIFO (first in first out) LIFO(Last in last out) and weighted average these are specific to each product.

At the operation stage, FHR has ensure that the transformation activities that change input into output are done in a way that the operational systems create value on the same. This is applicable to both the food and beverage products and services are delivered in a way that the customers get value for their money. This has been enhanced by Fairmont's Service promise. During the out bound logistics stage the organization has sourced for the highest quality packaging material that ensures that the final output are collected, distributed through the right systems.

FHR has ensured that it remains competitive through its marketing and sales through the continuous promotions and sales calls that create awareness on the kind of products and services that it offers in the market. The organization also has highly motivated relationship managers that act as the point of contact between the customers and the organization. This is key as customers always want a figure that they can relate with on behalf of the larger organization who will attend to their needs.FHR has enhanced its service through the provision of a feedback mechanism that will ensure that the consumers get a chance to express themselves and give a feedback on whether their expectations were met or not and suggestions to better ways in which the same can be done.

FHR equally has strong support activities to the primary activities. This is through procurement that ensures that the resources that are needed by the primary activities are purchased at the right time. The company through Human Resources management has ensured that it recruits, hires, trains, motivates, rewards and retains its workers as people are a significant source of value at FHR and the business can create a clear advantage with good HR practices.

FHR has a world class technological development that manages and process information, as well as protecting the company's knowledge base. Minimizing information technology costs, staying current with technological advances and maintaining technical excellence has been one major way of FHR gaining competitive advantage through value creation. FHR has a good infrastructure that entails the support system and the functions that allow it to maintain daily operations. Accounting, legal, administrative and the general management that is done by highly qualified professionals to ensure the organization runs smoothly.

4.4 Discussion

The study further demonstrated that FHR used Market penetration as is the most used strategy by FHR towards gaining a competitive advantage. Differentiation strategy came in second. On the customer adoption and retention focus differentiation strategy which is more refined strategy as it focuses on specific customer segmentation with products specifically designed for them came first. This was closely followed by focus integrated strategy was the second most adopted by all the properties. The other strategies being both high and low cost leadership were least used.

Additional findings show that defender strategy ranks high as an adaption strategy by the properties fencing their customers against competition. In driving their attraction and retention strategies while taking care of their customer adaptations, the study has demonstrated that print media is a key communication channel to the corporate clients. This is closely followed by sales calls and digital media.

4.4.1 Comparison with Theory

The research is consistent with the expectations of the relevant theories developed by Porter (1985) and Ansoff (1990). The research has demonstrated consistency in the hotel industry in how customers are classified between, corporate, wholesale, transient and group. The only variance is the hotels appetite in servicing the various classes of these customers and how.

4.4.2 Comparison with other Empirical Studies

This study is tandem with earlier studies on the same. Hinga (2007) did a study on KCB on how the bank is striving to adopt a competitive advantage. Njau (2000) did a study on the competitive strategies adopted by Kenyan commercial Banks to enable them attract and retain their customers. These studies have demonstrated consistency in their findings that FHR must be in watch for the changes in the environment and strategically choose which strategies to adopt to protect their niche market share in the industry. The key ingredient in strategy implementation is in the strategic planning and decision process as this will affect the final implementation and consequent success.

The findings of the study also demonstrate to the management of FHR who will comprise the key users of the findings of the study that other than having the right strategy and best implementation plan, the additional resource of the organization and consistently demonstrated by the Wernefelt theory on Resource Based strategy that demonstrates that the human resource of FHR are key in all the planning and implementation stages of strategies, FHR also has a well integrated value chain that acts as a key source of its competitive advantage these combined with the right media coverage will enhance the position of the organization as the market leader. However there needs to be involvement of all the cadre of the staff in creating the strategic approach so that they own it and are bold to keep and defend the strategy success.

CHAPTER 5: SUMMARY, CONCLUSION AND RECCOMMENDATIONS

5.1 Introduction

This chapter outlines the summary of the study findings where the objectives were to determine the strategies that were being adopted by FHR to maintain a competitive advantage in Kenya. Conclusion of the study, recommendation for further study, policy and practice are also discussed in this chapter.

5.2 Summary of the Findings

The purpose of the study was to determine the strategies that are adopted by FHR to gain a competitive advantage in Kenya. The research designed used was a case study. The researcher interviewed three key people who are involved in coming up with the strategies and who have been in the hotel industry for a while hence well versed with the changing environment. These included the Vice President Africa and Middle East Asia, the Regional Sales and Marketing Director Africa and Sales Director Kenya.

ties by both internal and external destination management companies. The findings show that due to the continuously changing external enavironment.FHR has been forced to constantly review its strategies in order to maintain a competitive position in the country. Fairmont uses various strategies interchangeably depending on the situation at hand. Some of the key strategies that have been adopted by FHR in order to win and maintain business are Market penetration that has been used by all the three properties also there is differentiation strategy that has been greatly used to win the corporate clients through the provision of unique products and services that attract premium prices. This has greatly been exploited at Fairmont The Norfolk.

Focus and integrated differentiation is another key strategy that has been optimized in the bid to attract and maintain groups business. This involves a lot of pricing negotiations to ensure that the organization achieves volume business for its key conferencing destination Fairmont Mount Kenya Safari Club, while still maintaining a sizable profit margin through the provision of premium products. The key concern here is the ability to maintain continuous large volume of business through the MICE market, a fast growing tourism market that is yet to be exploited in the country. Cost focus has been greatly exploited at Fairmont Mara Safari club that gets 70% of its business from the leisure/Wholesale market (Table, 4.3). This is a segment that has a wide a variety of client base from the high end spenders to the modest spenders who will want to get quality holiday destination at an affordable price.

Apart from the generic strategies, FHR has also gained huge competitive advantage from the way it maintains its value chain. The value chain is maintained in an intensive way through the adoption of various ERP software that are able to ensure that the different components/departments in the value chain contribute to the final profit margin, through activities like good procurement systems that will reduce food wastage in the hotels also through the better supporting components like good Information technology systems that ensure that work is carried out promptly and accurately without compromising the final service and products that area delivered to the clients.

Another way in which FHR has been able to gain a competitive advantage is through the adoption of the resource based theory that ensures that the employees are given the needed growth opportunities. This has been made possible through the provision of the Free Ecornell courses that the company pay for the staff. The encouragement of the staff to go back to school and depending on the circumstance and the area of the study, the hotel will pay part of the fee for the staff or the staff will pay the whole amount.FHR is in the service industry and constantly take the staff back to school for refresher courses especially the service intensive departments like food service, front office and food production department.

Communication with all the stakeholders has been another key way in which FHR has been able to gain competitive advantage. This has been done through various marketing channels like the print media, magazines and websites, television and others sources like the brochure inclusion of the three proper

5.3 Conclusion

In the midst of the high competition that is recently being experience in the hotel industry in Kenya, Fairmont has been able to gain a competitive advantage through the use of three key strategies, these are market penetration, differentiation and focus and integrated differentiation that has been key in the ring fence of the existing customers.

The adoption of varied strategies depending on the context has enabled it to gain a competitive advantage in the market place even though Fairmont is a fairly new brand in the country. Its value chain management and management of the human resource capital has been a great contributor to the ability to highly differentiate itself to gain a competitive advantage in the country.

5.4 Limitation of the Study

The study mainly focused on FHR and therefore no relationship to strategies adopted to gain competitive advantage undertaken by all the hotel chains in Kenya to the changes in the environment. This being a case study, therefore the research findings cannot be used to make generalization for the hotel industry in Kenya as a whole.

A number of studies have been done in area of strategic planning among organizations including hotels, but not specific to FHR individual properties in Kenya. Further to this study there has not been a study focusing on coping strategies by FHR to mitigate customer migration criteria. Since the study depended largely on the interviews and discussions with Interviewees in the executive committee who are greatly involved in the formulation of strategies that are adopted by the organization, some executives considered the information sought as being very sensitive and would not respond to some questions for fear of the information being used by the competition. The amount of time allocated for the study was equally limiting as it was short as a result the researcher concentrated only on FHR kenya.If more time would be allocated to the study, then the whole of FHR International would be included in the research and even validation the findings from the interviews would be carried out through the interviewing of the individuals who are greatly involved in the implementation of the same if it were not for the time constraints.

5.5 Implication on Policy, Theory and Practice

From this study it is recommended that the management of FHR needs to be more proactive in its response strategies instead of using reactive strategies. This means that the management should be very alert on the changes in the business environment and they should be keen to respond in good time in order to outsmart the competitor.FHR should actively market its products through the television on customer communication channel that has not been aggressively exploited, to reach a large market number however this should be done selectively during the premium hour as the kind of client base that is targeted by the hotel chain is the high niche market that will rarely sit in front of a TV set to watch it the whole day except during the peak hours.

The researcher further recommends that for FHR to succeed in the strategic planning process towards adopting strategies that will enable the organization to achieve a competitive advantage they should involve all the employees within the organization in the planning stages. This is because according to Porter (1980) value chain, all the departments play key role in the final production of the product and service. The researcher also recommends that top managers should fully support the strategic planning process for it to be successful in these organizations.

From the findings of this study the government of Kenya has a reference point when coming up with the various policies for the industries as it knows how the that various strategies that are adopted by a key industry players in their quest to gain competitive advantage. The study has come up with various data that is important to the ministry of tourism in Kenya as they continue to reclassify the various hotels to match the international standards. Since the study is a pilot study it has given scholars who are interested in the field a concept that they can further explore for knowledge creation. The study has enabled the shareholders to better understand the hotel industry especially the classification of the target market into various categories.

5.6 Recommendations for Further Research

This study investigated the strategies that are being adopted by FHR in order to gain competitive advantage in Kenya. A further study should be carried out on the general strategies that the hotel industry in Kenya is adopting in order to maintain competitive advantage with the increasing competition from the new entrants in the industry who pose a great threat to the already existing hotels. This will give a wider analysis base as the findings will not only be limited to one industry player but the general industry as a whole.

Further research should also be done to determine the effectiveness of the strategies for the achievement of competitive advantage by FHR International as a hotel chain worldwide to determine if the different properties have adopted similar strategies and what their successes were. It is important to identify any challenges experienced and identify the mitigating solutions. A research should also be done in strategic planning and how information can be adopted in managing customer retention model.

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Appendix 1: Introductory Letter

Joan Oracha

School of Business,

University of Nairobi,

P.O Box 30197,

NAIROBI.

April, 2012

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, school of business. In order to fulfill the degree requirements, am undertaking a management research project on the STRATEGIES ADOPTED BY FAIRMONT HOTELS AND RESORTS TO GAIN COMPETITIVE ADVANTAGE IN KENYA .You have been selected to form part of this study. This is kindly to request you to assist me collect the data by sparing a few minutes to have this personal interview with me.

The information you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidence. A copy of the final paper will be availed to you upon request.

Your co-operation will be highly appreciated and thank you in advance.

Yours faithfully,

Joan Oracha	Prof. Evans Aosa
MBA STUDENT	LECTURER/SUPERVISOR
UNVERSITY OF NAIROBI	UNVERSITY OF NAIROBI

Appendix 2: Interview Guide

Part A: Demographic Information.

1. Name of the interviewee
2. What is your position in the organization
3. In what department do you work in the organization
4. How many years have you served in the organization

Part B: Challenges of Competition and how to adapt to them

1. Who are your major competitors
2. Why do you consider them competitors?
3. What are some of the challenges you face from competition?
4. The researcher will mention the ones omitted and probe the interviewer to give more information before moving on to ask for clarifications on the ones mentioned by the interviewee.

Part C: Strategies used to gain Competitive Advantage

1. Please tell us how you compete in the industry?
2. Do you have any strategies fit to compete in the industry?
3. Name some of the strategies that you think your competitors use?
4. Do your competitors have any strategies to out do you in the industry?
5. Does your organization have any strategies in place to out do the competitors?
6. How do you come up with the strategies? Name a few key things that you consider when doing the same.

7. What are some of the strategies that you currently have in place to deal with the competitors?

8. What strategies are you planning to adopt to cope with the increasing competition in the industry?

9. Do you think your current or future strategies are sustainable?

Part D: Any extra information that you think would be of value to the researcher.

THANKS SO MUCH FOR YOUR COOPERATION