

**STRATEGIES USED BY SIAN ROSES IN KENYA TO  
INCREASE THEIR FLOWER EXPORTS TO THE  
INTERNATIONAL MARKETS**

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**DECLARATION**

This Research Project is my original work and has not been presented for examination in any other university.

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## **DEDICATION**

I dedicate this research work to my dear wife, Teresia Wamuyu and my children, Rachael Wanjiku and Victor Kamau for their love, encouragement and patience.

## **ABSTRACT**

Exporting fresh flowers is one of very few successful efforts by producers in Kenya to compete in international markets of high-value agricultural goods. While this success results from the producers' ability to take advantage of their geographic location and access to low labour costs, it may not be sustainable in the long run due to increasing competition in the industry over the years, in line with world trends. In deed gone are the days of protected markets and dominant market positions. Instead markets have been opened up thus inviting many players that offer the customer wider choice. In such circumstances, it is for the organization to be ahead of developments in the cut flower industry for it to realise success.

Using a case study approach of Sian Roses, complemented by an empirical analysis of data on Kenya floriculture industry, this study established the export strategies that Sian Roses has adopted to increase their flower exports to the international markets. The findings of this study indicate that the most frequently used export strategies employed by Sian Roses included providing a broad range of flower products and services, competitive pricing, product quality, efficient supply chain system and use of stakeholder collaboration linkages.

The study recommends that Kenyan flower exporters should pay extra attention to product quality and reliability, and that they should explore the avenue of using sea transportation to deliver their produce to the international markets. It is estimated that the costs of transportation by sea freight may be up to 30% lower than by air freight.

These cost savings and the logistical challenges that are easier to meet, highly increase the export potential of exporters from developing countries.

## TABLE OF CONTENTS

<b>Declaration</b> .....	ii
<b>Acknowledgements</b> .....	iii
<b>Dedication</b> .....	iv
<b>Abstract</b> .....	v
<b>List of Abbreviations</b> .....	ix
<b>CHAPTER ONE: INTRODUCTION</b> .....	1
1.1    Background of the study.....	1
1.1.1    Internationalization .....	2
1.1.2    Entry Strategies to International Markets .....	3
1.1.3    Theory of Internationalization.....	5
1.1.4    Kenyan Floriculture Industry .....	7
1.1.5    Sian Roses .....	8
1.2    Research Problem.....	10
1.3    Research Objectives .....	12
1.4    Value of the Study .....	12
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	13
2.1    Introduction .....	13
2.2    The Concept of Business Strategy.....	13
2.3    Theory of Internationalization.....	14
2.4    Export Marketing Strategies.....	18
2.5    Challenges of Exported Floriculture. ....	21

<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>24</b>
3.1 Research Design .....	24
3.2 Data Collection.....	24
3.3 Data Analysis .....	25
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>26</b>
4.1 Introduction .....	26
4.2 Firm Characteristics .....	26
4.3 Description of Export Strategies .....	27
4.4 Description of Industry Challenges .....	32
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .</b>	<b>36</b>
5.1 Introduction .....	36
5.2 Summary .....	36
5.3 Conclusions .....	37
5.4 Limitations of the study.....	38
5.5 Recommendations .....	38
5.6 Suggestions for further research.....	39
<b>REFERENCES .....</b>	<b>40</b>
<b>APPENDICES .....</b>	<b>i</b>
Appendix 1: Letter of Introduction .....	i
Appendix 2: Interview Guide.....	ii



## **LIST OF ABBREVIATIONS**

CoP	Code of Practice
FFP	Fair Flowers and Plants
FLP	Flower Label Program
GlobalGAP	Global Good Agricultural Practice
HCDA	Horticultural Crops Development Authority
KFC	Kenya Flower Council
MPS	Milieu Programma Sierteelt
USITC	United States International Trade Commission

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the study**

All organizations operate within a local or international environment. Exporting firms are influenced by international business environment. All firms must take into consideration the effects of this environment which include, international marketing and competition.

International business is different from domestic business because the environment changes when a firm crosses international borders. Typically, a firm understands its domestic environment quite well, but is less familiar with the environment in other countries and must invest more time and resources into understanding the new environment. The economic environment can be very different from one nation to another and the level of economic activity combined with education, infrastructure as well as the degree of government control of the economy, affect virtually all facets of doing business, and a firm needs to understand this environment if it is to operate successfully internationally.

The competitive environment can also change from country to country. This is partly because of the economic, political, and cultural environments; these environmental factors help determine the type and degree of competition that exists in a given country. Competition can come from a variety of sources. It can be public or private sector, come from large or small organizations, be domestic or global, and stem from traditional or new competitors. For the domestic firm the most likely sources of competition may be well understood. The same is not the case when one moves to compete in a new

environment. The nature of competition can also change from place to place as the following illustrate: competition may be encouraged and accepted or discouraged in favor of cooperation; relations between buyers and sellers may be friendly or hostile; barriers to entry and exit may be low or high; regulations may permit or prohibit certain activities. To be effective internationally, firms need to understand these competitive issues and assess their impact.

### **1.1.1 Internationalization**

Today more and more firms operate internationally and in some cases even globally. In almost all major economies of the world, the significance of domestic and/or foreign-based transnational corporations is increasing. Such corporations, directly or indirectly, account for a large part of world trade in goods and services (Nilsson & Dicken, 1996). International business may be defined simply as business transactions that take place across national borders (Daniels & Radebaugh, 1989). This broad definition includes the very small firm that exports (or imports) a small quantity to only one country, as well as the very large global firm with integrated operations and strategic alliances around the world. Within this broad array, distinctions are often made among different types of international firms, and these distinctions are helpful in understanding a firm's strategy, organization, and functional decisions (for example, its financial, administrative, marketing, human resource, or operations decisions).

Internationalization is a continuous process of choice between policies which differ maybe only marginally from the status quo. It is perhaps best conceptualized in terms of the learning curve theory. Certain stimuli induce a firm to move to a higher export stage, the experience (or learning) that is gained then alters the firm's perceptions, expectations

and indeed managerial capacity and competence; and new the stimuli then induce the firm to move to the next higher export stage, and so on (Cunningham & Homse, 1982). Internationalization has been used to describe the outward movement in an individual firm's or larger grouping's international operations (Johanson & Vahlne, 1977; Piercy, 1981). Welch & Luostarinen (1988) interpret it as the process of increasing involvement in international operations while Steinmann et al. (1980) noted that existing frameworks describe the process as scaling up the strategy-ladder of internationalization.

In seeking the reasons for internationalization, Ferdows (1997) acknowledged access to low cost production, access to skills, and proximity to the market as the three main strategic causes for selecting a location. Often the main reason for internationalization is stated as the need of firms to be able to stay competitive in their respective environment. Internationalization may be viewed as a process of developing networks of business relationships in other countries through extension, penetration and integration (Johanson & Mattsson, 1988). Extension refers to investments in networks that are new to the firm, whereas penetration means developing positions and increasing resource commitments in networks which the firm already is involved with. Integration can be understood as the co-ordination of different national networks. Thus, if the relationships between firms are seen as a network, it can be argued that firms internationalize because other firms in their (inter) national network are doing so.

### **1.1.2 Entry Strategies to International Markets**

International firms may choose to do business in a variety of ways. Some of the most common include exports, licenses, contracts, franchises, joint ventures, wholly owned subsidiaries, and strategic alliances. Exporting is often the first international choice for

firms, and many firms rely substantially on exports throughout their history. Exports are seen as relatively simple because the firm is relying on domestic production, can use a variety of intermediaries to assist in the process, and expects its foreign customers to deal with the marketing and sales issues. Many firms begin by exporting reactively; then become proactive when they realize the potential benefits of addressing a market that is much larger than the domestic one.

Licenses are granted from a licensor to a licensee for the rights to some intangible property (e.g. patents, processes, copyrights, trademarks) for agreed on compensation (a royalty payment). The licensing agreement gives access to foreign markets through foreign production without the necessity of investing in the foreign location. Similar to licensing agreements, franchises involve the sale of the right to operate a complete business operation. A successful franchise requires control over something that others are willing to pay for, such as a name, set of products, or a way of doing things, and the availability of willing and able franchisees.

Contracts are used frequently by firms that provide specialized services, such as management, technical knowledge, engineering, information technology, education, and so on, in a foreign location for a specified time period and fee. Contracts are attractive for firms that have talents not being fully utilized at home and in demand in foreign locations. While joint ventures involve shared ownership in a subsidiary company. A joint venture allows a firm to take an investment position in a foreign location without taking on the complete responsibility for the foreign investment. Joint ventures provide an effective international entry point when partners are complementary.

Wholly-owned subsidiaries involve the establishment of businesses in foreign locations which are owned entirely by the investing firm. This entry choice puts the investor parent in full control of operations but also requires the ability to provide the needed capital and management, and to take on all of the risk. Whereas, strategic alliances are arrangements among companies to cooperate for strategic purposes. Licenses and joint ventures are forms of strategic alliances, but are often differentiated from them. Strategic alliances can involve no joint ownership or specific license agreement, but rather two companies working together to develop a synergy.

### **1.1.3 Theory of Internationalization**

Firm internationalization theories analyze the factors that are involved in the process of internationalization, the stages firms cover in the process of internationalization, and the elements that define the internationalization behaviour of firms. A model for firm internationalization is represented by the Uppsala Model (Johanson and Vahlne , 1990) which considers that the internationalization process is an evolutionary and sequential one, which develops as the firm becomes more and more involved on the international market. According to this approach, firms enter foreign markets in a gradual way, in accordance to the level of knowledge and the information accumulated about the destination market. Firms gain knowledge and experience from their activity on the internal market, and, at a certain point, turn to external markets. The external markets have different degrees of attractiveness, in accordance to the geographical and cultural proximity to the home country.

The Uppsala Model considers that the firm starts the approach to the international markets with the usage of traditional export methods to countries closer from the

perspective of geographical and cultural proximity, gradually developing complex ways to operate, at firm level, at destination country level, and towards geographical and cultural more distant countries. Businesses are then said to change their institutional arrangements for foreign operations as they gain knowledge and experience of cross border trade, moving from passive to active and from indirect to direct exporting and hence to the establishment of foreign branches and other more capital intensive forms of involvement with markets abroad.

The lack of information and knowledge about the international markets represents a major obstacle in the way of internationalization, but this can be overcome by researching the peculiarities of the target markets. The decisions regarding the investment arrangements are made as the degree of non-information decreases. The perceived risk is lowered the more the firm knows about a foreign market. As a consequence, the level of investments increases. The level of knowledge about the new market directly influences the firm's involvement, thus generating a certain degree of involvement towards the external market.

Innovation-related internationalization model examines the way in which firms progress in the process of internationalization and suggest that this process is a sequence of stages with stagnation periods, influenced by the degree of involvement in the global economy. Over these static periods, firms accumulate the needed resources to reply to the challenges launched by the international environment and pass to the next level (Morgan and Katsikeas, 1997). Innovation allows firms to obtain new products with superior features and to decrease costs by developing new production processes and production technologies. In this way, using innovation, firms obtain advantages that allow them to

be competitive in international environments distinct from that of the home country. The higher the level of innovation absorption, the better the competitive ability, and the firm expands into more different markets than the origin market (Stoian and Zaharia, 2009).

#### **1.1.4 Kenyan Floriculture Industry**

The cultivation of Kenyan flowers for export markets was initiated by European settlers in the 1960s (Hughes 2004). During the last two decades the production and export of Kenyan flowers have experienced phenomenal growth rates. Floriculture is today the fastest-growing sector of the Kenyan economy and is after tea the second largest source of foreign exchange generating more than \$250 million a year (DFID, 2007). The main types of flowers cultivated for export are roses, statice, alstroemeria and carnations (KFC, 2010). The overwhelming majority of Kenyan flower exports are destined for the European Union with the Netherlands as the most important market followed by the UK and Germany (Hale and Opondo 2005).

The economic success of the Kenyan flower industry can be attributed to several factors. Bolo (2006) classifies the industry's key success factors into climatic, contextual, policy and infrastructural factors. The climatic conditions in Kenya are ideal for floriculture and its location on the equator allows for year round production. The contextual success factors include the availability of agricultural land, fresh water and an unlimited supply of cheap labour. The policy factor is mainly characterized by the Kenyan government's non-interference in the industry. The infrastructural success factor is given by the proximity of the major growing areas to Jomo Kenyatta International Airport in Nairobi.



The structure of the Kenyan flower industry is characterized by an increasing tendency towards large scale flower operations. There are approximately 500 flower farms in Kenya but more than 60 percent of exports are attributable to only two dozen large scale producers (Smith et al, 2004). The cut flower industry provides direct employment to an estimated 100,000 Kenyans with a further 2 million employed in related industries. The fact that these opportunities in employment are in the rural areas is very important, as it not only stems rural urban migration but also contributes to poverty alleviation, a major focus of the government.

#### **1.1.5 Sian Roses**

Sian Roses is one of the leading Kenyan producers of high quality flowers in East Africa. Sian Roses began growing cut flowers in 1991, a time when horticulture exports in Kenya started to grow dramatically. Sian Roses is the trade name of the group, which has five rose growing farms on a total of 100 hectares, as well as top graft propagation units. The group of flower farms, all located in Kenya, produce a wide variety of cut flowers, both roses and calla lilies of the highest quality. The farms include Winchester farm in Karen just at the outskirts of Kenya's capital Nairobi, Agriflora farm in Nakuru, Maasai farm in Kitengela, Maji Mazuri farm at Moi's Bridge Eldoret and Equator flowers also in Eldoret.

Currently, the farms produce a total of 120 million roses every year and have a total of 2,000 employees in different capacities. Sian Roses specializes in a wide variety of roses and calla lilies for export to the premium market segment. Sian Roses sells flowers both to the Dutch Flower Auctions as well as directly to customers such as supermarkets and

wholesalers. The firm's main markets are in the EU (Sweden, UK, Holland, Germany, France and Italy), USA, Dubai and Australia.

Much of the company's achievements can be accounted for by the anticipation of challenges, an attitude apparent in Sian Roses's management. Typically the floriculture export sector faces a high frequency of modest, though diverse and ever new challenges. Likewise, by its nature, floricultural export to the international markets is about delivering high-quality fresh produce, but the product's perishability makes exporting a very volatile business. A few hours of delay in transport can render an entire shipment lost. Importantly, the latter factor has shaped the attitude and work habits that determine the company's ability to embrace and manage change. It becomes apparent how this attitude and work habit constitutes a basic component of the company's innovation response capacity, as it determines its ability to handle challenges in a problem-solving manner.

According to senior management the challenges Sian Roses has had to face have changed significantly over the years but these have always been numerous. In addition, it is always necessary to anticipate upcoming challenges, such as new non-technical trade barriers (as part of further tightening trade regulations), further increases in air freight costs, and potential consumer discontent. Despite such difficulties, however, Sian Roses at present supplies cut flowers in locations in the European Union in less than 72 hours. To make this possible, the company has invested in putting the required infrastructure and operations in place that enable it to harvest, process, package, ship and sell in a very short period of time.

As Sian Roses has grown and expanded, its work force has become more diverse. The firm believes that this diverse work force helps the company realize its full potential. A well-managed, diverse work force has expanded the firm's base of knowledge, skills and cross-cultural understanding, which in turn, has enabled it to understand, relate and respond to diverse and changing customers throughout the world. This diverse, high-achieving workforce has given the firm the sustainable competitive advantage that is essential to win in the marketplaces, workplaces and communities where the firm operates. This is what is driving invention and high performance at Sian Roses which has resulted in the firm's recognition as one of the leading flower exporter in Kenya.

## **1.2 Research Problem**

All exporting firms are influenced by the international business environment; hence they must take into consideration the effects of this environment which include, international marketing and competition. The export performance of the floricultural sector depends on its competitive position, distance from the market, formal and real barriers affecting the exports of floricultural produce. These barriers to floriculture exports can also be categorized into tariff and non-tariff barriers. Formal barriers encompass customs duties and other import charges, quantitative restrictions, anti-dumping and countervailing restrictions, standards, testing and certification rules, government procurement laws, counter trade requirements, child labour laws, exchange and financial controls, export and other subsidies. Custom duties and other import charges represent some of the border measures used to prevent imports. These are forms of taxes on imports, which have the effect of making imported commodities more expensive than domestically

produced commodities. As a result floricultural exports from Kenya are rendered more expensive in the international market.

For a long time Kenya reaped benefits from floricultural exports to Europe with minimum competition from Sub-Saharan Africa. Over the last decade, competition for floricultural exports to the European Union (EU) has been growing. This additional competition threatens Kenya's competitive advantage such as has already been experienced with crops such as strawberries and mange tout peas which are now grown cheaper in Israel, Egypt and Guatemala.

The country has not fully utilized the opportunities available for expanding the volume of exported floricultural produce. The opportunities available include; strengthening the countries' position in the EU, African Growth and Opportunity Act (AGOA), and venturing into non-traditional floricultural export markets e.g. Asia, Africa, Eastern Europe and the Middle East. Although such opportunities are available to the Kenya flower industry, there has been no systematic effort to evaluate and explore the strategies that Kenya flower firms have been pursuing. It is important to identify which of the organization's strategic factors affect the firm's export activity and further how a firm's exporting contributes to its economic performance.

Studies on the Kenya horticulture industry and challenges facing the industry in general have been undertaken by various scholars. Locally, Mburu (2007) addressed the strategic responses to environmental challenges by Kenyan horticultural exporters. Muthuri (2000) looked at export marketing in the internet, the case of the floriculture industry in Kenya. Maundu (2004) undertook an investigation of the strategic planning

practices of horticultural exporters in Kenya. Bidu (2008) addressed the influence of political risk factors on the internationalization decisions of horticultural exporting firms in Nairobi. Although similar studies have been undertaken, there has been no study on the strategies used by Sian Roses to increase their flower exports to the international markets. This provides a knowledge gap that this study aims to fill and provide a basis for further studies.

### **1.3 Research Objectives**

This study was guided by two research objectives:

- i. To establish the strategies used by Sian Roses to increase their flower exports to the international markets
- ii. To determine challenges facing Sian Roses in implementing these strategies.

### **1.4 Value of the Study**

The purpose of this study was to explore strategies used by Sian Roses in Kenya to increase their flower exports to the international markets and to gain a better understanding of the impact of these strategies on the operations of local floricultural firms. To the government and other flower exporting firms, the study will contribute towards policy formulation and provide insight on how these strategies have contributed to the development of the local floriculture industry. The study is also important to Sian Roses because it will provide an underpinning for management excellence.

The study will be beneficial to academicians by enabling researchers develop a better understanding of the local floriculture industry and hence contribute to the existing literature on the flower industry and stimulate a basis for further research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter will consider materials relevant to the objectives of this study and will thus review information provided by various authors on the concept of business strategies, the theory of internationalization, export market strategies and finally the challenges that face exported floriculture.

### **2.2 The Concept of Business Strategy**

There is no uniformly accepted definition of business strategy. One attempt has it that business strategies are management's scope and resource commitments to achieve long-run success (Hofer & Schendel, 1978). This definition is perhaps too broad for guiding empirical investigation. Another attempt says that strategy is concerned with product-market selection (Cooper & Kleinschmidt, 1985). Product-market strategy is a term used to describe all the decisions an organization makes about its target markets and the products it offers to those markets. The use of the word strategy is important, for it implies a chosen route to a defined goal and suggests long-term planning (Wills, Kennedy, Cheese & Rushton, 2006). This is quite different from tactical activities, which are used to achieve short-term objectives by gaining immediate results. Product-market strategy represents a decision about the current and future direction of the organization.

In one empirical study, Maurel (2009) operationalized the strategy variable by picking the following test variables from the existing literature: the marketing mix, product adaptation, the choice between geographical diversification or concentration, niche

marketing and relationship between the exporter and his business partners. The two definitions and the empirical study above suggest that there are an infinite number of strategies that are open to an organization. However it has been argued that all strategies can be classified into four generic strategies that provide a meaningful basis for strategic thinking: cost leadership, differentiation, focus, and stuck in the middle (Porter, 1980). Cost leadership is a business strategy that emphasizes efficiency, so as to achieve cost advantage relative to competitors (Sharma, 2004). Differentiation is a strategy that requires a firm to be unique according to one or more business dimensions, such as on product, brand image, innovations or advertising (Parker & Helms, 1992).

The focus strategy concentrates on a narrow segment and attempts to achieve either a cost advantage or differentiation within that segment. These generic strategies are not necessarily compatible with one another. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader as well. To be successful over the long-term, a firm must select only one of the three generic strategies (Porter, 1980). Otherwise, the firm will be “stuck in the middle” and will not achieve a competitive advantage. The conceptualization of export strategy in this study is guided mainly by the product-market definition. In particular, strategy is seen as the selection of the right markets and then applying the right marketing mix (products, promotion, distribution and price).

### **2.3 Theory of Internationalization**

Internationalization theories endeavour to explain how and why the firm engages in overseas activities and, in particular, how the dynamic nature of such behaviour can be

conceptualized. Piercy (1981) and Turnbull (1985) describe internationalization as the outward movement of a firm's operations. However, internationalization could also be described as the process of increasing involvement in international operations (Welch & Luostarinen, 1988). The internationalization process of firms has been subject to widespread research attention and empirical investigation (Anderson, 1993). There is a wide range of potential paths any firm might take in internationalization (Welch & Luostarinen, 1988). An array of approaches and perspectives has contributed to the contemporary understanding of the internationalization of the firm.

Two approaches have been postulated for describing internationalization theory in the context of exporting. These two approaches have been characterized as the Uppsala internationalization model and related hybrid models, and innovation related internationalization taxonomies. Uppsala internationalization model generally suggests that the process of internationalization is founded on an evolutionary and sequential build-up of foreign commitments over time (Johanson and Vahlne, 1990). To explain the concept of incremental internationalization further, Johanson and Vahlne (1977) refined this work and formulated a dynamic model. The contention implicit within this model is that the firm proceeds along the internationalization path in the form of logical steps, based on its gradual acquisition and use of intelligence from foreign markets and operations, which determine successively greater levels of commitment to those overseas destinations.

Johanson and Vahlne (1977) have postulated that internationalization is based on learning through the development of experiential knowledge about foreign markets, which is gained so as to reduce their psychic distance. Consequently, the firm is able to



enter further overseas markets, previously characterized by greater levels of psychic distance, and thereby commit greater levels of resources to internationalization. This reinforces a previous conclusion by Wilkins (1974) who identified a gradual process of firms' international involvement from his longitudinal study of American firms' internationalization patterns.

Empirical studies have examined the way in which a firm progress along the internationalization continuum and suggests that a sequence of discrete stages exists which proxy the “stop and go”, stepwise process exemplifying the evolution of international involvement (Dalli, 1994). Implicit between each set of stages is the notion that fairly stable periods exist in which firms consolidate and generate an appropriate resource base to respond to fortuitous environmental conditions which allow them to proceed to the next internationalization stage. The innovation-related internationalization taxonomies approach describes the selection of an innovation as the most acceptable alternative, among a series of options, at a given point in time (Zaltman & Stiff, 1973). Simmonds and Smith (1968) concluded that the process of export development was depicted by several distinct stages and that various different factors affected decision making at each stage.

Bilkey and Tesar (1977) conceptualized the process of export development on the basis of firms' increasing involvement in exporting to psychologically more distant markets. Their taxonomy was composed of six export development stages with the extremes ranging from firms whose management had no interest in exporting to those whose management explored the feasibility of exporting to perpetually greater psychologically more distant countries.

Cavusgil (1980) proposed taxonomy with five stages which were described as firms' activities in domestic marketing, pre-export involvement, active export involvement, and committed export involvement. This export development process was founded on management's successive decisions regarding exporting over a period of time. Furthermore, it was suggested, on the basis of empirical evidence that several firm-specific characteristics and managerial factors acted as determinants in the process of facilitating or inhibiting the progress of firms from one internationalization stage to the next.

Reid (1981) purported an explicit innovation adoption sequence of exporting. He conceived the innovation to follow the stages of a firm's export awareness, export intention, export trial, export evaluation, and export acceptance. In this context, export adoption was believed to require a favourable management attitude to exporting, an available foreign market opportunity and the presence of spare resource capacity within the firm. Wortzel and Wortzel (1981) were able to identify five stages of international market entry and expansion. Each of these stages was distinguished by the extent of control exercised by the exporter concerning its activities in overseas markets. That is, each successive stage was signified by a greater internalization of marketing, production and administrative functions previously performed by foreign market-based intermediaries. All of these taxonomies possess a common theme in which they attempt to introduce a classification of export behaviours which generate heterogeneous profiles of firms that reflect different degrees of development along a reference line of internationalization.

## **2.4 Export Marketing Strategies**

To be successful in internationalization and export marketing, firms need to conduct a careful assessment of their readiness to export, go through the learning process of internationalization, develop effective export marketing strategies that suit the foreign markets, and implement the strategies effectively.

Past research in export marketing have identified a number of determinants of export performance. They include internal organizational factors such as management's commitment to exporting, international experience, human and financial resources, research and development capabilities, product uniqueness, organizational structure, and external environmental factors such as competitive intensity, cultural differences, market structure and turbulence, and government restrictions/regulations (Katsikeas, Piercy, & Loannidis, 1996; Zou & Stan 1998). However, the most important determinant of export performance has been found to be a firm's export marketing strategy (Cavusgil & Zou, 1994; Zou & Stan 1998). It has been established that the fit between a firm's export marketing strategy and its internal organizational and external market characteristics is what ultimately determines its export performance (Cavusgil & Zou, 1994).

A firm that can respond with effective export marketing strategy that fits the internal and external environments will experience improved export performance. Export performance can be assessed along both strategic and financial dimensions (Zou, Taylor & Osland, 1998). Strategic export performance can be viewed as the extent to which a firm's strategic objectives of exporting are achieved in the foreign market. When a firm decides to export, it may set some strategic objectives such as setting up a strategic

foothold in the important foreign markets, gaining competitive advantages through market diversification, exploiting the product and technological strengths in the foreign market, increasing market share, preempting competition, gaining international experience and building awareness and equity in foreign markets (Cavusgil & Zou, 1994).

A firm may also set financial objectives when it decides to export. These may include increasing sales of existing products, making profits through exporting to foreign markets, and reducing the cost via increasing the scale. Achievement of such objectives will enhance the firm's strategic market position, increase its competitiveness, and improve its financial performance, thus leading to long term business success. Depending on the situation of the firm, strategic or financial export performance may be the focus of the firm's export ventures.

To achieve a good fit of export marketing strategy to the internal and external environments, a firm can engage in a conscious effort to adapt its marketing strategies to these environments. Adaptation is a central means of achieving a fit between exporting marketing strategies and the firm's internal and external environments (Cavusgil, Zou, & Naidu, 1993). The adaptation may involve various components of the firm's strategy including market targeting, brand positioning, product promotion, distribution and pricing.

Product adaptation is a key export marketing strategy that influences a firm's export performance (Cavusgil & Zou, 1994). In order to market a product successfully in the foreign market, an exporter needs to properly adapt its product to the foreign market

requirements. There are two product adaptation that can be pursued by exporters; mandatory and discretionary adaptation (Czinkota & Ronkainen, 2002). Mandatory product adaptation is the minimum level of adaptation of a product in order to make the product acceptable in the export market. Discretionary adaptation on the other hand is pursued at the exporter's discretion to make the product more appealing to the customers in the export market.

Promotion adaptation is another major export marketing strategy that is important to export performance. Laws and regulations about advertising, cultural values and norms, advertising infrastructure in the foreign market can be very different from those in the domestic market (Cavusgil, 2008). As a result there is need to adapt the advertising theme, message, media, and evaluation in the foreign market. Language also makes it necessary to adapt the firm's advertising and promotion (Czinkota & Ronkainen, 2002).

Adaptations to channels of distribution may be necessary due to unique local distribution structures. In some countries, long and inefficient distribution channels with multiple levels of wholesaling and small scale retailing are prevalent (Czinkota & Ronkainen, 2002). To succeed in markets, exporters must therefore adapt their distribution strategy to fit the characteristics of the export market. Price adaptation may also be necessary in order to market a product effectively in foreign markets. The price of the exported product may have to be increased or reduced to make the product viable in the foreign market. Exporting represents a significant commitment by a firm to enter the international market. A firm with a high level management commitment to exporting, adequate staff with international experience, and sufficient financial resources is more

likely to meet the demand of export market development and avoid prematurely aborting export operations in the face of temporary market turmoil (Aaby & Slater, 1989).

## **2.5 Challenges of Exported Floriculture.**

The major challenges facing export floriculture can be categorized into the following: - tariff barriers, non-tariff barriers, competition, soaring costs of imported farm inputs due to weak currency, declining trend in external assistance to agriculture, access to high quality seed, lack of adequate research and market information. The export performance of the floricultural sector depends on its competitive position, distance from the market, and formal and real barriers affecting the exports of floricultural produce. Other key issues that have great impact on the flower industry that need to be addressed adequately are the environmental and health challenge, development of home market, high production and delivery cost, and the rising consumer demands.

Environmental issues such as water quality, greenhouse emissions, chemicals and exotic pests have been implicated as factors that pose a great challenge to the future of the industry (Scott, 2003). The floriculture industry changes rapidly as a result of globalization. In the 1990s, new markets and more producers entered the international trade. Demand then stabilized mostly in the high consuming countries like Germany, France, UK, Sweden and Japan. This attracted competition in these markets (USITC, 2003). Developing countries in Africa, Asia, Eastern Europe and South America emerged as new competitors for the international markets. At present, world production of flowers has exceeded demand and that has generated fierce competition resulting in a large price fall of 25% in the EU markets. The domestic markets in Kenya are virtually

weak and remain unexploited. The increase in consumer wealth, population and improved standard of living in Kenya are promising for the future growth of the local flower market. Producers in Kenya are presently net exporters of fresh flower products to and net importers of planting and production materials from The Netherlands, but consumers in The Netherlands are increasingly demanding high quality products produced under best agricultural practices from Kenya. This poses challenges for Kenya and total dependency on the international markets will not be sustainable in the long run and there is the risk of collapse of the international market. Thus, the focus for Kenya should be centered on development of home markets, exploiting and developing new flowers that will be of high demand in the international market

The cost for inputs, heating and cooling and delivery services continues to increase. This increases production costs for growers, distributors and exporters. At the same time, the average cut flower price in most international markets declined by 20% (Haw, 2008). A huge challenge is confronting chain members on how to stay in the business in the face of rising consumer demands. Consumers want high quality products at affordable prices. This requires keeping production cost as low as possible without compromising quality. Producers in Kenya compete in this global market by exploiting the available relatively cheap labor and land in order to keep the production cost as low as possible. However, they have great difficulty to in meeting the cost of air freight which is very high.

Considering the perishable nature of the products, huge logistics are needed to transport them and the high weight to value ratio makes them costly to transport. Rao (2006) stated that producers in third world such as Kenya will incur huge international loss by failing to meet the timely delivery of flowers due to inefficient supply chain

management. Air connection is a huge challenge for producers located far from their markets. For instance, air freight, handling, and marketing costs in Europe accounted for 50 and 62% of Kenyan and Ugandan flowers, respectively (ABN AMRO records, 1995). In the face of these uncertainties, it is essential to work smart, exploit nearby virgin markets and develop land and sea transport.

As the flower business expands, consumers are demanding high standard products that offer diversity in colour, good forms and texture, long shelf life, as well as better performance in interior environment. Vasgar (2006) concluded that the rising demand for flowers had led to tradeoff between the economy and environment in the industry. Consumers are aware of the global pattern of labor rights, occupational safety, health and environmental abuses and have pressed on for sustainable cultivation of flowers. These efforts have given birth to the establishment of best production practices and ethical measures in the industry. Fair trade has become the yardstick to measure best flowers. However, majority of farm owners in Kenya are yet to sign up to the fair trade legislation.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

This section sets out the research methodology that was used to meet the objectives of this study. The research design adopted was a case study of Sian Roses. Mugenda and Mugenda (2003) defined a case study as an in-depth investigation of an individual, group, institution or phenomenon. This definition is based on the premise that a case can be located and that it is typical of many other cases. The case study was used to examine whether the same strategies pursued by Sian Roses are applicable to the other flower exporters within the industry. This research design was aimed at establishing the strategies used by Sian Roses to increase their flower exports to the international markets. It also aided in determining the challenges Sian Roses faces in implementing these strategies.

### **3.2 Data Collection**

Both primary and secondary data were used in the study. Primary data was collected using in-depth interviews carried out with senior managers in Sian Roses in charge of strategy, marketing, production and business development. It was felt that these managers would be better placed to know what export strategies the firm employed and the challenges facing the industry. Secondary data was gathered from the review of floriculture industry journals, archival records at HCDA and KFC. Data collected included information on export strategies and the challenges facing the Kenya Floriculture industry.

### **3.3 Data Analysis**

Data collected was analyzed using content analysis because the study solicited for data that was qualitative in nature, and given that it was a case study where respondents were drawn from a single organization. Furthermore, this type of analysis was deemed appropriate as it did not limit the respondents on their answers. This process involved a systematic analysis and observation aimed at the identification of specific information content and characteristics that concerned the study. The analysis was based on ideas, recommendations and strategies already in use at Sian Roses.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The objectives of the study were to establish the strategies used by Sian Roses to increase their flower exports to the international markets and also determine challenges facing Sian Roses in implementing these strategies. To achieve the stated research objectives, primary data was collected by the researcher through the conduct of personal interviews with a total of 6 members of the Sian Roses management team, including the Marketing Manager, Quality & Standards Manager and Farm Managers.

To capture the required information, the data was recorded by documenting the responses as provided by the respondents during the interviews, after which it was analyzed using content analysis. This chapter presents the data analysis, results and discussions as pertaining to the collected data.

### **4.2 Firm Characteristics**

In this section key respondent opinions throughout the interviews were taken into account. The researcher sought to know the level of education the respondents had attained and the number of years they had worked in Sian Roses. According to the respondents, all of them had at least a University degree and had worked for a minimum of three years. The researcher found out that the respondents were well versed with the operations of the firm, the reason being that they are the managers responsible for various departments within the firm.

The respondents described Sian Roses as a firm that began operations in 1991 and has since grown its total farm acreage to 100 hectares in five different localities. Currently, the farms produce a total of over 120 million roses every year and have a total of 2,000 employees in different capacities. Sian Roses specializes in a wide variety of roses and calla lilies for export to the premium market segment. Sian Roses sells flowers both to the Dutch Flower Auctions as well as directly to customers such as supermarkets and wholesalers. The firm's main markets are in the EU (Sweden, UK, Holland, Germany, France and Italy), USA, Dubai and Australia with 80% of its produce being sold at the Dutch auctions.

The respondents indicated that Sian Roses' primary entry mode into the international markets was via exporting. They felt that exporting was the quickest and easiest way for the firm to become international, because as opposed to other modes of international market entry, it requires less commitment of organizational resources, offers superior elasticity of managerial actions, and engages fewer business risks. This is consistent with the traditional Uppsala mode of internationalization that recommends export as the start of internationalization before progressing to other forms of foreign market entry.

### **4.3 Description of Export Strategies**

The first objective of this study was to establish the strategies used by Sian Roses to increase their flower exports to the international markets. To achieve this objective, respondents were asked to provide a description of the organization's export strategies. From the interviews conducted, Sian Roses has endeavored to adopt various export strategies that have enabled it to reposition itself in the floriculture industry as well as

increase its flower exports to the international markets. When asked about the export growth of the firm, the respondents gave a positive feedback whereby most of them believed that their firm is growing. The findings and discussions that follow focus on the export strategies adopted by Sian Roses.

#### **4.3.1 Optimizing Product Quality**

Respondents indicated that Sian Roses recognizes the importance of paying attention to a high and consistent product quality. One of the most important reasons why cut flowers lose part of their value is due to lack of product quality. This is mostly caused by not fully taking the logistical and cool chain requirements into account. Sian Roses has adopted a strategy of consistently maintaining high quality flower produce in terms of freshness, quality, consistency and packing. The firm offers export produce that undergo stringent quality control checks thus offering excellent flower trip behavior and long vase life.

Due to the careful planning procedures used to manage operations, the firm is able to better supply customers with rose volumes which really respond to market demands. Superior flower quality is ensured through optimal produce grading, excellent post-harvest management and use of coolers with the newest technology to preserve products in the best conditions.

To reliably produce high quality cut flowers in consistent quantities requires optimum production management. Production management strategies for implementation and training of personnel are different for different types of production operations. For each of these types of production operations, dissemination of pertinent information needed to manage production may require different strategies. Therefore, a key factor to realizing

production opportunities is education. Thus to ensure continued product quality, the management of Sian Roses has undertaken to raise awareness of the importance of best production practices and quality control within the firm through regular seminars held once or twice in a year for its key management staff.

#### **4.3.2 Organization of the Supply Chain**

As part of its export strategy, Sian Roses has developed an efficient organization of the supply capacities that ensures no breaks occur along the supply chain from the farm gate to the export point in order to guarantee clients about products arrival and freshness. The possibility to supply a market continuously is of paramount importance and production volumes must be consistent, uniform in terms of quality and deliverable according to precise schedules. The respondents indicated that Sian Roses has put in place operations that ensure continuous delivery of produce to the markets.

#### **4.3.3 Product Diversification**

Sian Roses has adopted the production and marketing of a wide variety of flowers as a result of the dynamic nature of the flower market which experiences seasonal flower demand changes. The respondents indicated that the firm is investing in planting new and better flower varieties that are easier to grow and produce superior yields thus fetching better prices at the international markets. Different flower varieties are produced at different times pegged on their demand in the international markets.

#### **4.3.4 Export Marketing Strategy**

From the interviews, Sian Roses has been pursuing several marketing strategies that have ensured increased flower exports. The firm has formulated a distribution strategy which emphasises on efficient and effective distribution so as to meet its overall marketing objectives. There are two main types of distribution methods, indirect

distribution via the auctions, or direct distribution via importing wholesalers. The differences between players are considerable within both distribution methods. The firm has adopted a mixture of the two distribution methods with 80% of its produce being marketed via the auction while 20% of the produce is marketed through direct sales. This distribution strategy has conferred several benefits to the firm. Through the auctions, a large customer base and therefore demand for many types and varieties of flowers is realized. While through direct sales, a customer base aimed at a specific market segment, which allows focused marketing efforts with expectation of better prices is developed.

Through market research that give insight into prevailing prices, appropriate margins and competitor prices, the firm has developed a pricing strategy that aims to maximise profit. The firm employs different pricing methods dependent on the target market. Competitive pricing is adopted where the market price is set by benchmarking with competitors' prices and differentiating through marketing-mix incentives, with the objective of coming to a better price/performance ratio than the competitor average. Bundle pricing is employed , where a group of products are bundled together at a reduced price, while premium pricing is also used to set high prices to reflect the exclusiveness of a product.

The firm has a promotion strategy that lays emphasis on how to find flower buyers, how to select the best buyer, and how to approach them. The prime objective of the strategy is ensure the importer carries the firm's products instead of those from competitors. As such, the firms tactics revolve around drawing up a better offer, convincing the buyer of

the firm's reliability, consistent quality and supply, offering optimal services, premiums and discounts.

#### **4.3.5 Development of a Product Concept**

Sian Roses has developed a product concept that refers to the products and all service related to their commercialization. This is essential as the product preparation must refer not only to the product itself but also to the product presentation, packaging, export services and product promotion thus providing attractive products to the markets. The product concept strategy pursued by Sian Roses depicts that customers will always go for those products which offer quality, performance, value, and benefits. So the firm must improve its products in an innovative & continuous way. The respondents indicated that through feedback from the international markets, the firm continuously tries to improve on its products and associated services so as to maintain a competitive edge over its competitors.

#### **4.3.6 Stakeholder Collaboration**

The requirement for certification and accreditation within the international flower industry is stringent and time consuming. The respondents indicated that Sian Roses is a member of the Kenya Flower Council. Growers through membership of the Kenya Flower Council benefit from the continuous development, administration and implementation of a growers' own Code of Practice (CoP) that guide them to comply with local and international industry good practices. KFC is accredited to the GlobalGAP, Kenya Bureau of Standards 1758 Cut Flowers and ornamentals, Tesco's trade scheme, the Flower Label Program (FLP) and Fair Flowers and Plants (FFP), MPS-SQ, MPS-Social and MPS-ABC. Therefore, KFC Silver audit confers certification to all afore mentioned schemes hence saving precious time and resources. Sian Roses



through KFC membership and audit, gains mutual recognition from as many industry labels as possible, hence reducing the number of compliance audits that it has to undergo before accreditation.

The success of the flower industry in Kenya is in part attributable to the CoP which has also become instrumental in expanding and sustaining market access. Feedback from users indicates that adoption of the CoP has often translated into significant productivity improvement in addition to social acceptability through enhanced image. In addition, focus on environmental stewardship, health, safety and product quality has made members farms acceptable to the communities within which they operate as well as to their business liaisons and stakeholders. Sian Roses has adopted the use of the Kenya Flower Council logo liberally on marketing and communications material as an endorsement to their commitment to self-regulation. This has resulted in increased acceptability and uptake of it produces in the international markets.

#### **4.4 Description of Industry Challenges**

The second objective of this study was to determine the challenges facing Sian Roses in implementing its export strategies. To achieve this objective, respondents were asked to describe industry challenges in terms of implementation of identified export strategies. Interviews with the various respondents established that Sian Roses faces various challenges which were grouped into the following categories indicated below.

##### **4.4.1 Quality and Standards**

As a member of the Kenya Flower Council, Sian Roses is subject to a semi-annual KFC Silver Standard compliance audit administered by the KFC Certification Committee,

whose aim is to enhance firm compliance to the standards of the industry. The audit focuses on the firm's documentation, Labor and Human Resource Management, Health and Safety, Good Agricultural Practices, Environment, Postharvest care, Training, and Machinery maintenance.

KFC is accredited as a certification body to certify producers on KFC Silver and Gold Standards, and other certification schemes that KFC has been granted the mandate to conduct certification audits for example GlobalGap, Fair Flowers and Plants (FFP), and Tesco Nurture. Therefore, it is mandatory for a firm to perform well for it to maintain its KFC membership. The respondents indicated that this posed a challenge in that the audit addresses all the organizational operations and thus a lot of time and resources are invested towards the attainment of this goal.

#### **4.4.2 High Production and Delivery Costs**

The respondents indicated that the high price of oil and the strength of the dollar have recently combined to raise production and marketing costs (particularly the cost of airfreight). Carnation and rose markets have matured over the last decade and revenues per stem are not as large as they were before. Market preferences have changed to the extent that the production of certain varieties of rose is no longer profitable. Increased competition both from within Kenya and from other countries has increased quality requirements and reduced margins, thereby creating a market that can only be served profitably by high quality production and high volume marketing. These factors of production have posed a challenge to the firm in that there is need for continuous re-evaluation of production and supply chain issues so as to re-engineer production process thus maximizing on profits.

#### **4.4.3 Rising Consumer Demands**

As the flower business expands, consumers are demanding high standard products that offer diversity in colour, good forms and texture, long shelf life, as well as better performance in interior environment. Consumers are also aware of the global pattern of labor rights, occupational safety, health and environmental abuses and have pressed on for sustainable cultivation of flowers; these efforts have given birth to the establishment of best production practices and ethical measures in the industry. Consumers are also demanding a wide variety of flowers at different seasons, thus making the market very dynamic. A huge challenge confronting the firm is on how to stay in the business in the face of rising consumer demands. Consumers want high quality products at affordable prices. This requires keeping production cost as low as possible without compromising quality. Good flower varieties are expensive as a result of associated research and development costs.

#### **4.4.4 Competition**

One of the challenges facing Sian Roses in the flower sector is that 80% of the firm's produce is marketed through the Dutch auction system. As competition becomes increasingly stringent, more support is required to identify and form linkages that will facilitate effective access into the direct sales market. A critical point is that Kenyan exports (which are 2-5 days old) must compete directly with local and regional producers at the auction house. From there, they have to be redistributed to various points of sales, which tax the vase life of a flower. Consequently, to avoid the few extra days in getting cut flowers to a consumer, direct sales could drastically reduce the "farm-to-vase" time.

One clear trend within the Kenyan floriculture industry is the sale of cut flowers through supermarkets. The successful entry of Kenyan cut flowers in the UK market is principally due to the fact that exporters are selling directly to supermarkets in pre-packs with ready labels and guaranteed vase life. In this new market segment, stringent quality control, packaging, labeling, and resources dedicated to marketing and client relations are a must. Sian Roses is faced with the task of re-evaluating its marketing strategy so that more of its products are marketed through direct sales, thus gaining competitive advantage over its rivals in the industry.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of the findings, conclusions and recommendations the researcher has drawn, as well as, ideas for further research.

### **5.2 Summary**

From the study findings, it was established that Sian Roses' primary entry mode into the international markets was via exporting. Generally the firm is a limited company, with about 20 years of exporting activities and has employed more than 2000 employees. With regards to the export strategies pursued by Sian Roses in the study, several findings can be summarized. The findings of the study indicated that the most frequently used export strategies employed by Sian Roses included providing a broad range of flower products and services, competitive pricing, product quality, efficient supply chain system and use of stakeholder collaboration linkages. The results of the study show that critical supply chain characteristics such as time reliability, adequate interface with other transportation modes, and appropriate storage capacity at different times, is the norm across the Sian Roses' supply chain.

The findings of this study are largely consistent with those of Macy, Baringer and Wortman (1993). Particularly, it was found that product quality is a prerequisite for successful exporting. However, the most important determinant of export performance has been found to be a firm's export marketing strategy (Cavusgil & Zou, 1994; Zou &

Stan 1998). It has been established that the fit between a firm's export marketing strategy and its internal organizational and external market characteristics is what ultimately determines its export performance (Cavusgil & Zou, 1994).

This study has also identified the challenges faced by Sian roses in implementation of its export strategies. The top four challenges faced by Sian Roses in implementation of its export strategies were; maintenance of quality through Good Agricultural Practices and optimal post-harvest management; upholding industry standards through certification by accredited industry bodies; high production, product diversification and delivery costs; rising consumer demands and increasing competition.

### **5.3 Conclusions**

The relative success of growing fresh flowers in a country such as Kenya, and its distribution and commercialization in distant markets such as the Netherlands and United Kingdom, has been made possible due to key export strategies pursued by the Kenya floriculture industry. The study concludes that export strategies pursued by Sian Roses to increase their flower exports to the international markets entails the provision of a broad range of flower products and services, competitive pricing, product quality, efficient supply chain system and use of stakeholder collaboration linkages.

The study further concludes that the challenges Sian Roses faces in implementation of its export strategies include maintenance of quality and standards in the industry, high production and delivery costs, rising consumer demands and increasing competition. Because little formal analysis of the strategies pursued by other firms in the industry was undertaken, it is difficult to generalize and to draw any firm conclusions. Therefore, an

assessment of the overall Kenyan floriculture industry export strategies may provide valuable lessons to the industry as a whole.

#### **5.4 Limitations of the study**

The findings of this study were based on responses from Sian Roses staff. It is therefore important to appreciate that contextual factors may have affected the findings. While it seems that some aspects of the export strategies adopted by Sian Roses are applicable to the floriculture industry, it is difficult to generalize export strategies and challenges from only one organization. This is because different organizations adopt different strategies that differentiate them from others based on their strategic objectives. Confidentiality was also another limitation to the study as some of the respondents were unwilling to divulge critical information necessary for the purposes of this study.

#### **5.5 Recommendations**

Based on the study findings and conclusions, the study recommends that Kenyan flower exporters should pay extra attention to product quality and reliability. This is important because buyers do not actually see the products beforehand. They have to trust the growers to a great extent. Yet it all too often happens that buyers are disappointed with the quality of produce supplied from developing countries. As a result, these suppliers receive lower prices. Therefore, product quality is of the utmost importance in order to remain competitive and to maintain a level of trust on the international market. Besides, having certifications such as MPS and Globalgap is also a must in order to survive.

Secondly, the study recommends that Kenyan flower exporters should explore the avenue of using sea freight to deliver their produce to the international markets. Slowly but steadily, sea transportation of fresh cut flowers is on the rise. An increase in sea freight may drastically change the international trade in cut flowers. It will open up (even more) opportunities for growers from developing countries. Most flowers are transported by air freight where logistical and cool chain demands are high. With sea freight, cut flowers can be loaded directly into a sea container at the farm and shipped to the international markets. Fuel prices continue to rise thus resulting in an increase in air freight charges. It is estimated that the costs of transportation by sea freight may be up to 30% lower than by air freight. These cost savings and the logistical challenges that are easier to meet, highly increase the export potential of exporters from developing countries. Ultimately the customer and the flower trade will decide what form of transportation they prefer.

## **5.6 Suggestions for further research**

The researcher recommends that further studies should be done to determine the impact of sea transportation of cut flowers on the performance of flower exporters from developing countries. It has been shown that flowers can be kept in good condition for up to two to three weeks. Apparently, flowers are not as perishable as previously assumed, provided the logistics and cool chain requirements are perfectly met. If exporters control this part of their business exceptionally well, the potential market for cut flowers will be bigger than was conceived possible. Thus studies exploring sea transportation viability would be of benefit to the industry.



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## **APPENDICES**

### **Appendix 1: Letter of Introduction**

September 2011

Dear Respondent,

#### **Re: Letter of Introduction**

I am a post graduate student studying for a Master of Business Administration Degree at the School of Business, University of Nairobi. I am currently conducting a study in International Business. The title of the study is, *Strategies used by Sian Roses in Kenya to increase their flower exports to the international markets.*

With this letter, I humbly request you to allocate me time to meet you for an interview. The information obtained during this interview will be treated with utmost confidentiality and will not be used for any other purpose other than academic.

Thank you and I look forward to meeting you.

Yours sincerely,

**Gicheha Jesse Kamau**

## **Appendix 2: Interview Guide**

### **Strategies Used by Sian Roses in Kenya to increase their flower exports to the international markets**

#### **Introduction**

1. Position of Respondent
2. Your department
3. Level of education
4. Number of years worked in the firm

#### **Section A: General Information**

1. Name and location of the firm \_\_\_\_\_ Established in: \_\_\_\_\_
2. Size (Number of employees, Number of farms, Names of countries operating)
3. Primary products/services of the firm
4. Secondary products/services of the firm
5. Firm's relevant geographic market for primary and secondary lines
6. Firm's share of market in primary and secondary lines
7. State the core and adjunct activities of the business
8. How would you describe the company in 1 – 2 lines?
9. Any additional information relevant in describing the business and its market

#### **Section B: Identify export strategies pursued by the company**

1. Which are the major export countries for your business?
2. Which country does your maximum export output come from?

3. Do you think scope for export to the international markets has increased over the last 10 years?
  - a) Yes
  - b) No
4. If yes above, what export strategies has the firm used to increase the exports to the international markets?
5. Identify where the long-term profit and strategic potentials exists for the floriculture industry?

### **Section C: Challenges in implementation of current export strategies**

1. How fierce is the competition in your field of business when it comes to exports?
2. Does export rate of profits gained change with the change in business seasons or does it remain almost the same?
3. What challenges is the firm facing in implementing its current export strategies?
4. What is the government doing to promote the floriculture industry?

### **CONCLUSION**

1. What overall plan of action does the firm have for sustaining increased flower exports to the international markets, and for seizing export strategic potentials?
2. What are your suggestions and ideas for firms' intent on entering the international cut flower industry?