A SURVEY OF THE PERCEIVED ATTRACTIVENESS IN THE FREIGHT FORWARDING INDUSTRY: AN APPLICATION OF PORTER'S MODIFIED FRAMEWORK.

BY

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

DECLARATION

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

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DEDICATION

To my family members for their continuous support and encouragement throughout the MBA programme.

ABSTRACT.

The main objective of this study was to access the perceived attractiveness in the freight forwarding industry. The research sought to find out the level of attractiveness in Nairobi. This study was greatly motivated by the fact that the freight forwarding industry in Kenya has not been considered as a serious business sector and was mainly associated with individual players known as "briefcase agents", yet this is an important industry that has experienced continued entry and exit, therefore the research sought to find out the real reason behind the perceived attraction into the industry.

Questionnaires were administered to operations manager of the various freight-forwarding firms. Out of total of 70 freight forwarding firms that composed the total sample 39 responded, representing a response rate of 56%.

Data collected was presented using tables and analyzed using descriptive statistics. Proportions, percentages were used for data analysis.

The major findings were that the freight forwarding industry operates within the six competitive forces that affect the industry profitability and thus determining its attractiveness, these forces entry of new competitors, the threat of substitutes, the bargaining power of buyers, bargaining power of suppliers, government and rivalry among the existing competitors are embodied within the industry and each plays a major role. The collective strength of these six competitive forces determines the ability of firms within the freight forwarding industry to earn return on the capital invested

General conclusion is that even though attractiveness is relative, not absolute, it is always generally appraised from the standpoint of a particular company . A company with perceptive understanding of industry key success factors can gain sustainable competitive advantage by training its strategy on industry key success factors and devoting its energies to being better than rivals on one or more of these factors.

Recommendations made were to create ways in which the delayance of clearance of cargo can be limited and various documentation reduce to fewer, educate the public more on the freight forwarding business and lastly automation of this sector should be greatly encouraged to greatly enhance the efficiency in this sector.

CHAPTER ONE: - INTRODUCTION

1.1 Background.

With the liberalisation of the economy, more and more foreign firms have been able to establish industries, therefore intensifying the competition and forcing firms to adapt strategies to survive this competitive environment. As the environment is constantly changing it has become imperative for firms to continuously adapt their activities in order to be assured of survival (Porter, 1980; Aosa, 1997; Pearce & Robinson 1997).

The economic character of industries varies according to a number of factors namely the overall size and market growth rate, the pace of technological change, the geographic boundaries of the market, the number and sizes of buyers and sellers whether products are virtually identical or highly differentiated, the extent to which cost are affected by economics of scale and the type of distribution channels used to access buyers.

Competitive forces can be moderate in one industry and fierce even cutthroat in another. Moreover industries differ widely in the degree of competitive emphasis put on price, product quality, performance features etc. In some industries price competitive emphasis is centred on quality or product performance features, while in other industries the challenges are for companies to work co-operatively with suppliers, customers' etc.

Firms that do not adjust to meet environmental challenges experience a big problem referred to as strategic problem. This is characterised by the mismatch of the output of the firm and the demands of the market. To be able to cope up with the threat posed by the strategic problem, firms have developed and adopted different techniques over time to help them operate effectively with the market conditions.

For the firms to solve the strategic problem and to compete successfully, they have to adopt a corporate strategy, which is concerned with deciding which industries the firm should engage in and the allocation of corporate resources among them. It is vital that the firm evaluates the attractiveness of different industries in terms of their potential to yield profit in the future (Grant 2000).

An industry's economic features are important because of the implication they have for strategy for example in capital intensive industries where investment in a single plant can run into several millions a firm can spread the burden of high fixed cost by pursuing a strategy that promotes high utilisation of fixed assets.

An industry's economic traits and competitive conditions and how they are expected to change determine whether its future profit prospects will be poor, average or excellent. Industry and competitive conditions differ so much that leading companies in unattractive industries can find it hard to earn respectable profits while even weak companies in attractive industries can report good performances. Hence the firm must understand competition and the core of the firm's business environment, which is formed by its relationship with customers, suppliers, competitors and the firm's industry environment.

The environment has great influence on the profitability of the firms; it must seek strategies to survive in the competitive markets. According to (Ohmae 1982), to survive and prosper in an industry a firm must meet two criteria first it must supply what customers want to buy, second it must survive competition. Strategy is a relatively new concept for many organisations hence new approaches have to be developed to tackle the strategic problem (Pearce & Robinson, 1977;Porter, 1980;Aosa 1977) Strategic planning has solution to these new challenges, which involves the rational analysis of the opportunities offered, threats posed by the environment and of the strengths and weaknesses of the firm. It entailed the selection of a strategy (match) between the two that best satisfy the objectives of the firm (Ansoff et al, 1976).

The emergence of strategy has led to a new thinking in the area of industry analysis. Porter developed the five-force industry analysis model, which has a theory that there are five forces that determine competition in an industry (Porter, 1979). These forces form the basic characteristics of competition in an industry. Hence the strongest competitive force determines the profitability of an industry and its importance in strategy formulation.

Like any other industry the performance of the Freight forwarding industry is determined by a host of factors; competition among the various firms in the industry, the role of government particularly in dealing with customs and excise, relationship with suppliers such as the transporters, airlines. It has become increasingly important for firms to understand the industry and develop effective strategies to compete and develop competitive advantage.

Following the virtual collapse of the tourism industry at the Coast the freight forwarding together with the related port shipping and transport sector became the major employer and contributor to the economy in Mombasa .The freight forwarding sector in Kenya has been going through a rough time because of the inefficiency at the port of Mombasa and other points of entry, the bureaucracy at the customs department and the virtual collapse of the existing infrastructure. Since the formation of the Kenya Revenue Authority in 1995 the freight forwarding agents have seen the introduction of the so-called draconian measures designed to eliminate corruption. With the up -grading of the port more ships are able to dock and ease the delays in off loading vessels by the Kenya ports .In the past there were a lot of bottlenecks especially in the procurement of licenses, clearing a shipment used to take ages and many restrictions. With the liberalization of the economy restriction have been greatly eased, further there is increased competition and the operations has become easier and better than before. Despite the momentous growth of the freight industry there is still room for growth and improvement. The Customs department can reduce most of the obstacles experienced. Customs should endeavour to reduce the number of days it takes to clear from three days to ideally one. There is a lot that the Kenya Ports Authority can carry out to ease movements and clearing of sea freight at the Inland Container Depots. In the recent past, customs has improved its documentation procedures and things are moving faster. In comparison to Indonesia, in Kenya this industry is fragmented and highly competitive companies within the industry operate either on a regional, national or international level. In Indonesia, the business activities in the area of freight forwarding has grown and developed rapidly .In 1999, according to the government regulation, freight forwarding industry was not open to foreign investment or in other words, that foreign investors were prohibited from owning stock in any company that conducts freight forwarding activities. However this sector requires a huge amount of capital in order to be able to carry out its activities and especially compete in this era of globalization. Realizing that prevailing economic conditions were poor and domestic private freight forwarding companies were unable to provide the large amounts of capital needed to develop their business activities, the participation of foreign investors in this field of course could remedy this situation. In 2000, this prompted the government of Indonesia to implicitly allow the need for foreign investment in the freight forwarding industry, which has been acknowledged and supported by the private sector businessmen. Unlike in Ukrainian economy transportation and freight forwarding form an integral part, with the independence of the Ukraine brought changes in the nature of its transportation connection primarily the transportation changed from national to international export, import and transit volumes have increased .As per today the situation in Ukraine is as follows, only a limited number of transportation and freight forwarding companies are able to render the whole set of services on the delivery of goods and legislation in this sector does not always coincide with the economic idea of the new market policies hence with further development of Ukrainian transportation and freight forwarding industry will attract more foreign investors .

1.1 The Research Problem

The freight forwarding industry is fragmented and highly competitive with many companies operating either on a regional, national or international level. Despite the fact that this sector requires large amounts of capital for one to be able to compete effectively, business activities within the industry have grown and developed very rapidly in Kenya.

The freight forwarding industry dates back to the early centuries, when barter trade existed and the only authority bridging the gap between the producer and the consumer was the agent. As the years past by, the role of the agent has become more apparent due to the fact that there has been more innovation and technological development, resulting in more productivity. Thus with the upward expansion of the industry and the amalgamation of individual agents and firms, the industry has experienced growth from briefcase agents to multinational firms.

Over the years, international trade has grown tremendously as the economies have developed globally with particular emphasis upon the trade of highly valued cargoes. It is argued that this aspect of the global economy has been progressively escalating throughout the world, as importers and exporters become more concerned about individual companies.

Further with the liberalization of the economy, there have been drastic changes in manufacturing sector. Now firms can import and export goods freely and this has had an impact on the freight forwarding industry that is bridging the logistical gap between the producer and the consumer. The freight forwarding industry has grown bigger following an influx of new firms that have joined the industry with time.

In the year 1990 there were 319 firms registered by Kenya International Forwarding and Warehousing Association (KIFWA) operating in the market. This increased to 640 in the year 2002 thus registering a growth of 100.6% over duration of 10 years.

Table 1.1 Firms Registered By Kenya International Forwarding and Warehousing Association (KIFWA)

Year	No of registered firms by KIFWA	No of new firms registered	% Growth (In Two Yrs)
1990	319	O	
1992	380	61	19.12
1994	449	69	18.16
1996	503	54	12.03
1998	568	65	12.92
2000	603	35	6.16
2002	640	37	6.14

Sources: - Research Data, Courtesy of KIFWA

It is with this interest that a study was carried out to find out what makes the freight forwarding industry to be perceived attractive and what are the factors influencing strategy within this industry.

1.3 Objective of the study.

To assess the perceived attractiveness in the Freight forward industry in Nairobi.

1.4 Importance of the study.

First and foremost the chief executives in the freight forwarding industry will use the information in drafting strategies and plans to improve operations. The study will help them understand issues better like strategies especially in the freight forwarding industry where there are different types of clientele i.e. briefcases agents, middlemen and of course the large freight forwarders.

Secondly investors can use the information to make decisions whether or not to invest in the industry, should Kenyan market be perceived as attractive, this can be a guarantee of returns to the investments hence attracting the investors.

Thirdly Scholars in Strategic management can use the information to understand the state of the industry better. They will be able to differentiate factors, which influence attractiveness as a far as the freight forwarding industry is concerned. Moreover they can also utilize the information as a reference point to research on the application of Porter in other industries. Similarly the information availed by the study can be used by analysts to assess the likely profitability of Freight Forwarding in the Kenyan market. Thus based on how they perceive the trend in the determinants of one factor they can be able to determine whether it will or not adversely affect the Freight Forwarding performance, which affect the profits

CHAPTER TWO: - LITERATURE REVIEW.

2.1 Industry analysis

As a working definition, we use the word "industry" to mean a group of firms whose products have so many of the same attributes that they compete for the same buyers.

Rowe et al (1994), define industry analysis as an environmental scan to determine what forces in a firm' external environment have direct impact on its competitive position and what competitive actions need to be taken to achieve a sustainable competitive advantage. It focuses on the industries in which the firm competes (Comerford and Callagham, 1990). It is an orderly process that attempts to capture the structural factors that define the long-term profitability prospects of an industry (Hax and Majluf, 1996).

Industry analysis is the basis of intelligent strategic planning. It's a systematic process of gathering and analyzing information about our industry on a global and domestic basis factors include economics, trends, social and political factors and changes in technology and the rate of change. This analysis helps us determine the true areas in which our firms compete. It defines what we consider to be competition and helps us determine key factors for success as we pursue various opportunities. It provides a basis upon which we evaluate and decide about our corporate goals and helps us develop insight into developing appropriate strategies.

In any industry, whether the domestic or international, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and rivalry among the existing competitors. The collective strength of these five competitive forces determines the ability of firms in any industry to earn profits and these five forces vary from industry to industry.

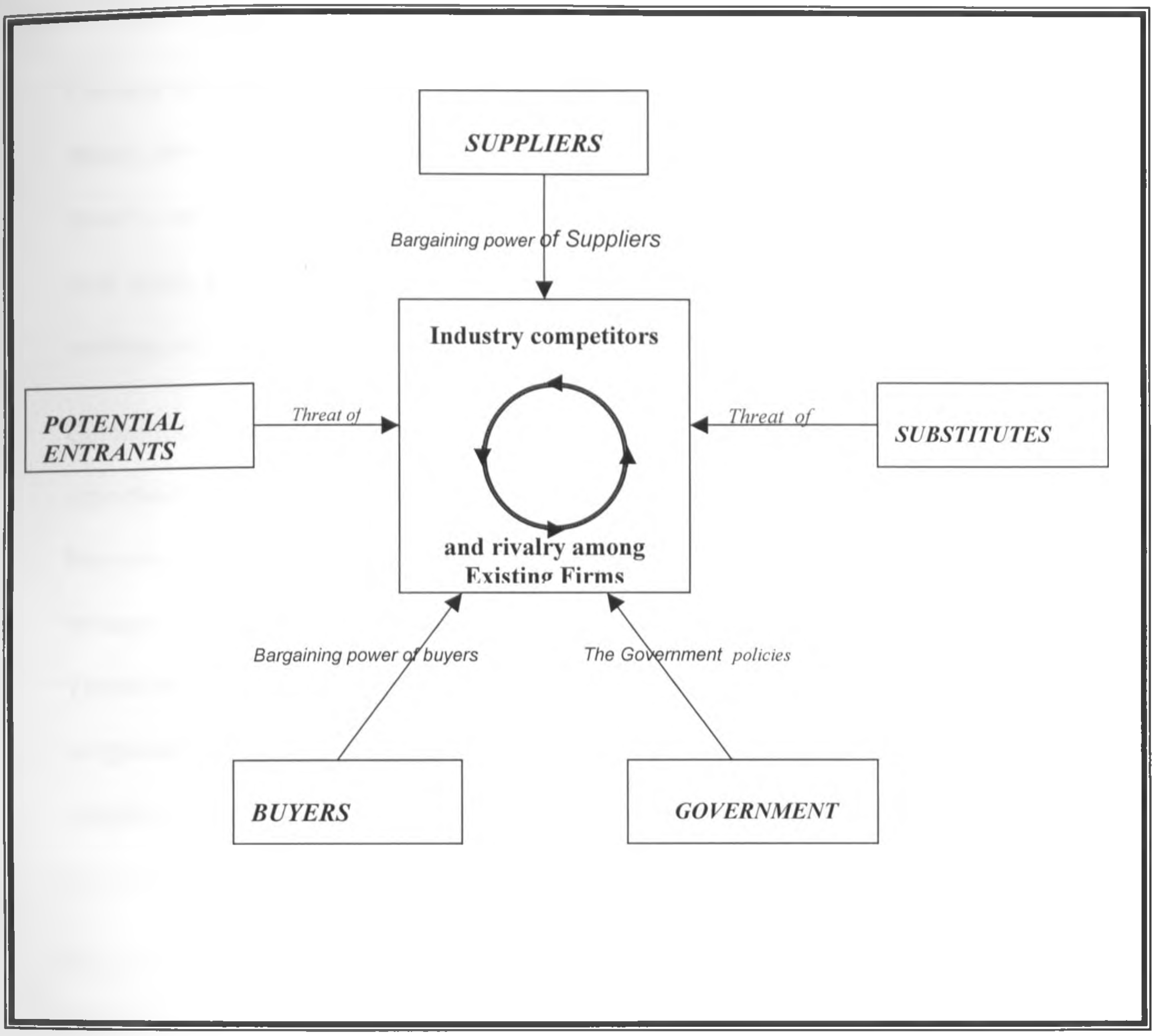
The purpose of conducting Industry analysis therefore is mainly to understand the forces behind industry performance in order to match strategy to industry conditions. This involve the identification of the opportunities and threats posed by the state of the industry so as to come up with the appropriate strategy (Porter 1980), to determine what competitors are doing, what threats and opportunities exist, and whether the firm should enter, remain or exit from an industry.

Various researchers have studied the state of various industries in Kenya in relation to changed economic conditions especially with liberalization. They found out that the changed environment has affected business practices and made firms to be more competitive. Since the liberalization, the petroleum sector in Kenya has become very competitive (Abekah, 1999). To survive in such a competitive environment, the firm has to adjust their strategic responses by developing various competitive strategies.

2.2 Industry Attractiveness

The industry's attractiveness explains the value generated by the economic activity of it as well as their ability to share the wealth created. The most widely use framework to understand the industry attractiveness is based on Porter's five-force model. The model provides an assessment of the potential for a business to attain a superior profitability by examining the industry structure through the five forces. These forces determine industry profitability because they influence the prices, costs and required investment of firms in an industry. According to Porter industry attractiveness is the high potential profitability of an industry that is measured through the long- term return on the capital invested as determined by five sources of competition. These include threat of new entrants, rivalry within the industry, threat of substitute products, bargaining power of suppliers, and bargaining power of buyers and government. (Figure 2.1 of the Modified Porter Model.

Figure 2.1 Forces During Industry Competition (Porter's Model-modified)



To analyze the attractiveness of an industry, the competitive forces by Porter model can be assessed. The stronger the forces, the lower the collective profitability for participating firms. The competitive structure of an industry is clearly unattractive from a profit – making stand point if the rivalry among sellers is very strong, entry barriers are low, competition from substitutes is strong, and both suppliers and customers have considerable bargaining leverage.

The collective strength of these forces determines the potential attractiveness in an industry. If these factors are collectively strong the attractiveness is strong and the industry profitability becomes high and vice –verse (Wheelen and Hunger 1995).

Changes in any of these factors are responsible for generating new opportunities and threats and a new set of key success factors. The strongest impact of the five competitive forces is usually the jockeying for position in the industry and buyer favor that goes among rival firms. In some industries, rivalry is centered around price competition sometimes resulting in price below the level of unit's costs and forcing losses on most rivals.

Competition jockeying among rivals heats up when one or more competitor sees an opportunity to better meet customer needs or is under pressure to improve its performance. However whether rivalry is like warm or heated every company has to craft a successful strategy or competitive edge over its rivals and strengthens its position with buyers. Therefore rivalry is dynamic and the current competitive scene is ever changing as companies act and react regardless of the industry. Rivalry occurs when one or more competitors see the opportunity to improve position in the industry hence contributing to industry attractiveness.

Njau (2000) found out that East African Breweries Ltd was forced to adjust its product offering, prices and increased promotion so as to improve competitiveness and market share as a result of Castle Breweries entering the market.

Rivalry intensifies as the number of competitors increase and as competitors become more equal in size and capabilities. Therefore the important factor that stands out in the rivalry of firms is to launch a powerful competitive strategy by one firm that intensifies the pressures on the remaining companies. The character of rivalry is shaped partly by the strategies of the leading players and partly by the vigor with which industry rivals use competitive weapons.

Whether industry entry barriers ought to be considered high or low depends on the resources and competencies possessed by the pool of potential entrants. Entry barriers are usually steeper for new start - up enterprises than those already operating in the industry.

A company already well established in one geographic market might have the resources, competencies and competitive capabilities to hurdle the barriers of entering an attractive new geographic market. The threat of new entrants is one of the greatest challenges that most firms must overcome to enter an industry. The concept of new entrants is as result of a wide variety of new factors. These include economies of scale, product differentiation, and the intensity of capital requirement.

In evaluating the potential threat of entry, one must look at how formidable the entry barriers are for each type of potential entrants. High profits act as a magnet to potential entrants motivating them to commit the resources needed for entry barriers. When profits are sufficiently attractive, entry barriers fail to deter entry. At most they limit the pool of candidate entrants to the industry with the requisite competencies and resources. However the extent of this threat depends on the existence of barriers to entry that are present together with the reaction from existing competitors that the entrant can expect. Where the barriers are high new entrants are likely be deterred and any attempt entry they are likely to provoke a quick reaction from existing competitors. Low barriers mean that responses will be slower. The barriers listed by Porter include economies of scale, product differentiation capital requirement, switching costs, government regulations.

The entry of new players disrupts industry stability by creating a market dilution because they increase industry capacity and destabilize the price structure leading to decrease in profitability. What is needed to maintain the barriers is to have unique capabilities, not transferable to competitors, which can make entry easy for the firm and unacceptably difficult for everybody else (Hax and Majluf, 1996).

According to Grant (2001) airlines have adopted new competitive tactics to protect their market share through the use of hub ad spoke networks, which makes it difficult for new firms to enter the industry. The firms participating in the industry and the potential newcomers are central forces in determining industry attractiveness. There are firms offering substitutes, which can replace the firm's products or services and can fulfill the demands in the industry

Firms in one industry are quite often in close competion with firms in another industry because their products are good substitutes. How strong the competitive pressures are from substitutes products depends on three factors: -

a) Whether attractively priced substitutes are available,
b) How satisfactory the substitutes are in terms of quality performance and other relevant attributes.
c) The ease with which buyers can switch to substitutes.

The impact of threat of substitutes on the industry profitability depends on a number of factors such as availability of close substitutes, switching cost and aggressiveness of substitutes. Another determinant of the strength of competition from substitutes is how difficult or costly, it is for the industry's customers to switch to a substitute. If switching costs are high sellers of substitutes must offer a major cost or performance benefits in order to entice the industry customers. When switching costs are low, it's much easier for sellers of substitutes to convince buyers to change over to their products.

Hence the lower the price of substitutes, the higher their quality and performance and the lower the users switching costs, the move intense the competition pressures posed by substitutes products. The availability of substitute products place limits on the prices firms can charge in and industry (Keegan 1995)

Whatever form of substitution has an influence on price ceiling in the market and therefore places some upper limits on returns (Hax and Majluf, 1996). In freight forwarding industry, the threat of substitutes is realized in pricing, but some of the freight firms evade taxes hence making themselves more attractive to operate in the industry.

Porter argues that suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services. Powerful suppliers can therefore squeeze profitability out of the industry. Whether the suppliers to an industry have a weak or strong competitive force depends on market conditions in the supplier industry and the significance of the item they supply. Suppliers also tend to have less leverage to bargain over price and other terms of sale when the industry they are supplying is a major customer. In such cases, the well being of suppliers is closely tied to the well - being of their major customers. Suppliers then have a big incentive to project and enhance their customers competitiveness via reasonable price, exceptional quality and on-going advances in the technology and performance of the item supplied.

Singh and Wah (1997) studied the relationship between the suppliers and airlines. They found out that suppliers and airlines tended to form closer links for mutual benefit. They recognized that well managed suppliers relationship could be highly beneficial to both parties in terms of potential time and cost saving. For example in the freight forward industry the relationship can be noticed between the transporters and the freight firms.

Bargaining power of buyers is the ability of Buyers to influence prices of the firm's outputs. Buyers compete within the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors against each other. This is usually at the expense of industry's profitability. Buyers have substantial bargain leverage in a number of situations. For instance, they are able to exercise bargaining leverage over price, quality, service or other terms of sale.

Keegan (1995) argues that buyer's interests are served if they can drive down profitability in the suppliers industry. According to Pearce and Robinson (1980), buyer power is high when the volumes of purchases are high which raises their importance. They also pointed out that if alternative sources of supplies are available, the cost of switching a supplier is low and there is the threat of backward integration the buyer's powers are ultimately felt.

In the freight forwarding industry, the government plays an important role in terms of the regulation in regard to the Bonds, inspections, and definition of dangerous goods. Hence government must be recognized as influencing many if not all aspects of industry structure both directly and indirectly in a number of ways. Its polices can set limits on the behavior of firms and also through its influence on the industry growth and the regulations through cost structure. It can also affect the position of an industry through subsidies and rivalry among competitors by influencing industry growth. Hence no structural analysis is complete without a forecast of how present and future government policy, at all levels, will affect structural conditions. It should be noted that in the freight forward industry, the role of government is very vital because, they act as the government agents in tax collection. This study will therefore use the modified Porter's model as the basis for assessing the perceived attractiveness in the freight-forwarding industry in Kenya. Porter's model basically has five factors but the government has come in as the sixth one, which is a major determinant of the success in this industry. The six forces model thoroughly exposes what competition is like in a given market. Hence as a rule, the stronger the collective impact of competitive forces, the lower the combined profitability of participant firms. When competitive forces are not strong the structure of the industry is attractive from the point of earning superior profits. The ideal environment from profit -making perspective is where both suppliers and customers are in a weak bargaining positions, there are no good substitutes, entry barriers are relatively high, and rivalry among present sellers is only moderate.

However even when some of the competitive forces are strong, an industry can be attractive to those firms whose market position and strategy provide a good enough defense against competitive pressures to preserve their ability to earn above average profits, therefore to contend successfully against competitive forces, managers must craft strategies that

a) Isolate the firms as much as possible from the competitive forces.

b) Influence competitive pressures to change in directions that favour the company.

c) To build a strong secure position of advantage.

Is the industry attractive?

The relative attractiveness can be drawn from the following conclusions

i. An industry 's economic features are important because of the implication they have on strategy. Industries differ significantly on such factors as market size, growth rate and the geographical scope of competition rivalry. The number and relative sizes of both buyers and sellers are vertically integrated on how fast basic technology is changing. The extent of economies of scale and experience curve effects and whether the products of rival's sellers are standardized or differentiated also has an effect on profitability.

ii. The strength of competition is a composite of five forces: - the rivalry among competing sellers, the presence of attractive substitutes, the potential for new entry, the leverage major supplies have, and the bargaining power of customers. The task of competition analysis is to understand the competitive pressures associated with each force determine whether these pressures add up to a strong or weak competitive force in the market place and then think strategically about what sort of competition in the industry.

iii. An Industry 's economic features and competition structure says a lot about the character of industry and the competitive conditions but very little about how the industry environment may be changing. All industries are characterized by trends and new developments that gradually produce changes important enough to require a strategic response from participating firms. Industry and competitive conditions change because forces are in motion that creates incentives or pressures for change .The most dominant forces are called the driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and environment. Driving forces analysis has two steps identifying what the driving forces are and assessing the impact they will have on the industry. Hence sound analysis of an industry 's driving forces is a pre-requisite to sound strategy making therefore it is not to be taken lightly .It has practical strategy making value and is basic to the task of thinking about where the business is headed and how to prepare for the changes.

iv. The next step in examining the industry competitive structure is to study the market position of rival companies and one technique for revealing the competitive position of industry participant is by strategic group mapping. This analytical tool is a bridge between looking at the industry as whole and considering the standing of each firm separately. A strategic group consists of those rival firms with similar competitive approaches and position in the market. Companies in the same strategic group can resemble one another in several ways, an industry contains only one strategic group when all sellers pursue essentially identical strategies and have important market positions. Therefore strategic group mapping is valuable, for understanding the similarities, differences, strengths and weaknesses inherent in the market position of rival companies. Rivals in the same or near by strategic groups usually pose little or no immediate threat. One thing to look for is whether industry driving forces and competitive pressures favour some strategic groups and hurt others. Firms in adversely affected strategic groups may try to shift to a more favorably situated group and how challenging such a move is depends on whether entry barriers into the target strategic group are high or low. But it should be noted that any attempts by rival firms to enter a new strategic group increase competition. Unless a company pays attention to what competitors are doing, it ends up flying blind, and a company cant expect to outmaneuver its rivals without monitor their actions, understanding their strategies and anticipating what moves they are likely to make next. The strategies rival are using and the actions they are likely to take next have direct bearing on a company own best strategic moves whether it needs to defend against specific actions taken by rivals or whether rivals moves provides an opening for a new offensive thrust .The best source of information about a competitor strategy comes from examining what it is doing and what its management is saying about the company plans.

v. An industry 's key success factors are those things that most affect the ability of industry members to prosper in the market place .Key success factors concern what every industry member must be competent at doing or concentrate on achieving in order to be competitively and financially successful. Key success factors are so important that all firms in the industry must pay close attention to for they are the perquisites for industry success. These include questions like;

a) On what basis do customers choose between the competing firms?

b) What must a seller do to be competitively successful, what resources and competitive capabilities does it need?

c) What does it take for sellers to achieve a sustainable competitive advantage?

Determining the industry's key success factors is a top priority and at the very least managers need to understand the industry situation well enough to know what is more important to competitive success and what is less important. They need to know what kinds of resources are valuable. A company with perceptive understanding of industry key success factors can gain sustainable competitive advantage by training its strategy on industry key success factors and devoting, its energies to being better than rivals on one or more of these factors. Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change, only rarely does an industry have more than three or four key success factors at any one time.

CHAPTER THREE: - RESEARCH METHODOLOGY

3.1 Population

The population under study is composed of those Freight forwarding firms that mainly deal with exports and imports as their core business in Kenya. The Freight forwarding firms studied were the ones with operations in Nairobi .The population was chosen on the basis of the firms that are registered by the Kenya International Freight & Warehousing Association (KIFWA), which has registered 640 firms in Nairobi.

3.2 Data Collection.

The study used the primary data collected through use of Personal interviews. This involved use of semi-structured questionnaire to provide detailed information including other supplementary information through probing therefore availing them a chance to give any other information they considered relevent. It also gave respondents considerable liberty in expressing their definition of a situation that is presented to them. Personal interview allowed for flexibility as the researcher could seek clarification of unclear terms .The response rate was also considered to be fair compared to other to other methods of data collection like mail questionnaire.

The questionnaire was divided into two parts as follows:

Section A – company profile –overall picture of the Company in terms of ownership, number of employees, different services offered etc.

Section B questions were categorized under each of the factors in the Modified Porter's model as well as other related factors which can explain the nature of the Industry.

CHAPTER FOUR: - FINDINGS AND DISCUSSION

4.0 Research Approach.

This chapter presents the results of the analysis of the data collected from the freight-forwarding firms registered by KIFWA. A total of these 70 firms in Nairobi were selected at random and asked a set of questions about their firms in terms of their operational strategy. The research, which targeted the large, medium and small freight-forwarding firms, essentially sought to know the extent of the perceived attractiveness in the industry using a Modified Porters model. A total of 70 questionnaires were designed covering different aspects and sent to the Operations Managers of the firms in an attempt to get their response. Out of the 70 questionnaires given out to the firms 39 (56%) were returned to the researcher. However 31(44%) had not been received back by the time of data analysis while others was incomplete and thus rejected. This return rate showed a very positive response just as Graig etal (1976) observed that those who would complete self-administered questionnaires would be interested in the study. Thus this was a strong indicator of the support of the managers to their work and the nature of the prevailing circumstances within their industry. In analyzing the data collected, the data variables were coded to facilitate the data entry into the computers and its subsequent analysis that was done using computer program SPSS (Statistical Package for Social Studies)

4.1 Ownership of the freight forward firms

Most of the firms 18(46.2%) covered under study are foreign owned while 6(15.4%) of them are owned locally. Even though, the local nationals and foreign investors own 20.5% of these firms jointly. (Table 4.1)

Table 4.1 Ownership

Ownership	Frequency	Percent
Local	6	15.4
Foreign	18	46.2
Both Local and foreign	8	20.5
N/A	7	17.9
Total	39	100.0

Source: - Research data

The Freight forward industry has created employment opportunities within the country mainly in cities. From the study, it was found that twelve (12) firms out of 39 have between 300 and 500 employees. While 7 firms have more that five hundred (500) employees. Foreign owned firms had a highest frequency of employment as they represented 46.15%(18) cases of the total employment. Firms with joint ownership (owned both locally and by foreign investors) reported only 20.51%(8) cases of employment. Local firms had minority cases as they formed only 15.38%(6) cases of the total. It is also worthy noting that only one firm with exclusive local ownership that had more than 500 employees. (Table 4.2)

Table 4.2 Size of the firms by ownership

NO OF EMPLOYEES	OWNERSHIP				Total
	Local	Foreign	Both	N/A	
Less than 50	2	1			3
From 50 to 100	1	9			10
From 101 to 300	2	4		1	7
From 301 to 500	2	1	7	2	12
More than 500	1	1	1	4	7
Total	6	18	8	7	39

Source - Research Data

4.3 Services provided by the firms

Clearing and forwarding is one of the major services provided by these firms. 38.5%(15) cases of the population under study provide clearing and forwarding as their major service. Even though good number of the firms 23.1%(9) engaged in clearing and forwarding also provide transport to their clients. Packing and removals is provided by only 10.3%(4) of the firms and mainly by foreign owned (Table 4.3).

Table 4.3. Services provided by the freight forward firms

SERVICE	Frequency	Percent	Valid Percent	Cumulative %
Transport	11	28.2	28.2	28.2
Clearing and forwarding	15	38.5	38.5	66.7
Packing and removals	4	10.3	10.3	76.9
Transport and clearing	9	23.1	23.1	100.0
Total	39	100.0	100.0	

Source - Research Data

4.4 Barriers to entry and the threat of new entrants

Just like any other competitive industry, the freight forward industry has a host of barriers that prevent the entry of new firms. The barriers are far reaching and they range from those with cost effects to technology related ones. They include high start up and operating cost, government regulations access to distributors and the economies of scale. 39.10%(122) of the total cases testing the extent of prevention by these barriers to entry of new firms rated them above moderate and only 10.80(34) rated them as having negligible impact. However 36.21%(113) of the case rated the impact of these barriers as being just moderate. It was important to note that start up and high operating costs together with the government regulations were singled out as being the major barriers. Start up cost was rated as being very high barrier with 27 cases while government regulations had 18 cases of the same rating. Price wars and economies of scale have a moderate impact as barriers to entry. Each of these two barriers recorded a frequency of 23 cases as being moderate. Technology also plays an important role as four firms's reported an extreme impact with the majority rating the impact above average. The price wars and existing partnership by the competitors have a moderate (23 cases) effect as barriers to entry into the industry. This is because the partnership by competing firms only improves their positioning in the industry without hindering the entry of new firms. (Table 4.4)

Table 4.4. Barriers to entry of new firms

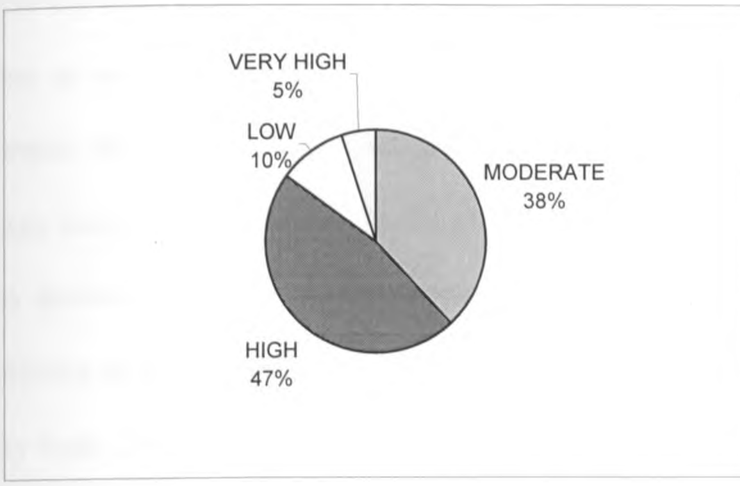
BARRIER ASPECT	Frequency on extent by which the barrier is Effective					TOTAL
	Very high	High	Moderate	Low	Negligible	
Start up cost	27	10	2	0	0	39
Existing partnership by competitors	0	2	23	5	9	39
High operating costs	13	14	8	2	2	39
Price wars	3	7	23	4	2	39
Government regulations	18	13	6	2	0	39
Economies of scale	0	1	23	9	6	39
Technology	4	5	10	13	7	39

Source: - Research data

4.5 Intensity of competition

Within the freight forward industry, the intensity of competition amongst the firms is very substantial as 55 % of all the firms rated the intensity of competition as being high. Only 10% graded the intensity as being low. A considerable number 38 of the cases graded it as being just moderate. It was a general assessment that the firms that compete within the industry is quite high. To survive the high competition within the industry, most of the firms have diversified their services to cater for their clients needs. Other firms have also merged up to strengthen their influence in the industry.

Figure 4.5 Pie showing intensity of competition in the industry



4.6 Customers' bargaining power and their effect on profitability

Of the eight (8) firms which agreed that customers have a bargaining power over them only two (25%) of them agreed to the fact they affect their profitability to a level they rated as high while six (75 %) have just a moderate impact on their profitability. 50% (16) of the firms that negated the bargaining power of the buyers agreed that buyer have to some extent affected their profitability. The customers bargaining power is greatly determined by the volume of business they are involved in hence the higher the volume, the greater the bargaining power. (Table 4.6).

Table 4.6 A cross tabulation of the customers bargaining power and their effect on profitability

Buyers with bargaining power?	Effect on Profitability			Total
	High	Moderate	Low	
Yes	2	6		8
No	1	8	7	16
Not applicable		10	5	15
Total	3	24	12	39

4.7 Influence of the suppliers on the industry and business decisions

Suppliers have low influence on the firms within the freight forwarding industry. Only 28.2 % (11 cases) of the firms under study gave a positive indication that the suppliers in one way influence them or another while 43.6% (17 cases) of the total population repealed their influence. Despite this, it was reveled out that the supplier's influence does not affect the crucial business decisions of the firms. 74.4% of the firms rated the suppliers influence on their business decisions as being low and negligible while 12.8% of the firms agreed that supplier's influence on them is simply high. Only 5.1%(2 cases) graded the influence on them as being very high. Contrary to this general trend of low supplier influence, the firms have an edge over the suppliers in various aspects. Their influence is mainly exercised in regard to the Payment terms, nature of the services provided, sales contracts and the their business locations. Majority of the firms (18 cases) have a very high influence on their suppliers as regards the payment terms while 29 cases rated their influence on the same aspect as high. Nature of the services provided by the supplier was also singled out as one area where firms in the industry have more influence on the suppliers. 28 cases rated their influence as being just moderate. However the firms influence on the suppliers as regards their location was generally found to be weak as most of the suppliers usually set up to serve a host of customers and not just the freight forwarding industry. (Table 4.7)

Table 4.7 Influence of the suppliers on the industry and business decisions

Suppliers with influence on the firm	Extent of influence on Business Decisions					Total
	Very high	High	Moderate	Low	Negligible	
Yes	1			9	1	11
No		1	3	12	1	17
Not applicable	1	2	2	2	4	11
Total	2	3	5	23	6	39

Table 4.8 Firms influence on the suppliers

BUSINESS AREA OF INFLUENCE	Frequency on extent of influence by firm					TOTAL
	Very high	High	Moderate	Low	Negligible	
Payment terms	18	11	7	2	1	39
Nature of services to provide	11	17	3	5	3	39
Business location	0	2	8	2	27	39
Sales contracts	7	11	15	4	2	39
TOTAL	36	41	33	13	33	156

The firms' influence was found to be limited on some of the suppliers mainly due to the nature of the services they provide. Suppliers that offer services that have no close substitutes are hard to manipulate and thus the firms influence on airlines and shipping lines was found to be generally weak as compared to transporters. (Table 4.8)

Table 4.9 Firms influence on the specific suppliers

TYPE OF SUPPLIER	Frequency on extent of on the firm's powers over the supplier					TOTAL
	Very high	High	Moderate	Low	Negligible	
Cargo service handling Firms	2	9	15	10	3	39
Transporters	9	14	12	2	2	39
Airlines	0	1	2	13	23	39
Shipping agents	0	2	6	12	19	39
TOTAL	11	26	35	37	47	156

4.10 Effect of substitutes on the profitability

There are substitutes in the freight forward industry but their threat to the profitability of the trading firms is negligible. 76% (30 cases) of all the firms involved in the study rated their effect on their profitability as being negligible and of little impact. Only nine (9) cases of the firms that confirmed the effect of substitutes on profitability rated it as being low (6 cases). (Table 4.10)

Table 4.10 Cross tabulation the effect of substitutes on the profitability

Do substitutes Affect profitability	**Effect of substitutes on Profitability**				Total
	High	Moderate	Low	Negligible	
Yes		2	6	9	17
No		0	1	21	22
Total		2	7	30	39

4.11 Government policies

The government plays a vital role in the freight forward industry and its involvement in the industry determines majority of the operations. 61.5% of the firms agreed that the government affects their operations in the industry in one-way or the other. The government's detailed procedures required in the setup of the industry, the host of the rules and documentation that must be adhered to and general reporting to the government affects the industry. From the findings of the study it was established that the government affects the industry negatively. 38.46% (15 cases) rated the government effect as negative and limiting to the progress of the industry. However majority of the firms (20) had their comments reserved on his issue. (Table 4.11)

Table 4.11 Government policies affect the operations of the firms

Government Effect On operations	Nature of the effect			Total
	Positive	Negative	Not applicable	
Yes	3	5	16	24
No	1	10	4	15
Total	4	15	20	39

From the study, it was a generally accepted the government policies affect the industry uniformly. For instances changes in the government taxation policy will affect all the firms in the industry irrespective of their size or their geographical area of coverage.

CHAPTER FIVE: - SUMMARY, CONCLUSION RECOMMENDATIONS

5.0 Summary

The freight forward industry operates within the six competitive forces that affect the industry profitability and thus determining its attractiveness (Porter). These forces: - the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, rivalry among the existing competitors and government are embodied within the industry and each plays a major role. The collective strength of these six competitive forces determines the ability of firms within the freight forward industry to earn return on the capital invested directly from the economic activity of the industry. They also influence their ability to share the wealth created.

From the findings of the study it's clear that entry into the freight forward industry is not easy, as there are a number of barriers that prevent entry of new firms. They include high start up and operating cost and government regulation. From the study it was found out that high operating and start up costs together with the government regulations are the major barriers to entry (Table 4.4).

The government is actively involved in the industry because the firms operating within this industry act as government's agents in tax collection. As Porter, observed "entry of new players disrupts industry stability by creating a market dilution because they increase industry capacity and destabilize the price structure leading to decrease in profitability". This is not the case in the freight forwarding industry as the existing barriers prevent easy entry of other firms that bring about the dilution and thus maintaining the favourable economic stability. Since entry is protected, the firms that join the industry have limited impact on the profitability of the trading firms (Table 4.6). As every firm is able to attract its respective clientele because of the classification in this industry i.e. the large, medium and the briefcase. Even though the firms in the industry could not exactly state to what extent the entry or exit of a firm affect their profitability, it was a general consensus by 66.67 % of all the firms that the impact created by the change is minimal.

Within the freight forward industry itself, competition is very stiff, firms must strive to have a competitive advantage over the other firms by offering better services hence some of the large freight forwarding firms in the industry have merged and are enjoy economies of scale, increase their market share and subsequently profitability.

Unlike the stiff competition, the substitutes in the freight forward industry are not many and do not pose a major impact to the profitability levels of the firm s (Table 4.10). The substitutes mainly constitute of employees of the freight forward firms trying to undercut their employers by swindling business out of the company and offering similar services to the clients at a lower cost. The firms participating in the industry and the potential newcomers are of course central forces in determining industry attractiveness. These firms are offering substitutes, which can replace the firm's services and can fulfill the demands in the industry but the impact of threat of these substitutes on the industry profitability depends on a number of factors such as availability of close substitutes, switching cost, aggressiveness of substitutes, etc. As stipulated by Keegan (1995), The availability of substitute products place limits on the prices firms can charge in and industry.

Whichever form of substitution, there is an influence on price ceiling in the market and therefore places some upper limits on returns (Hax and Majluf, 1996). In freight forwarding industry, the threat of substitutes is therefore realized in pricing, some of the freight firms evade taxes hence making themselves more attractive to operate in the industry by offering cheap rates.

Porter argues that suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services. Therefore this implies that powerful suppliers can squeeze profitability out of the industry. But within the freight forward industry suppliers do not have such a strong bargaining to the extent that they can squeeze out the profitability. The firms trading within the industry have an upper arm over their suppliers in many aspects. From the study carried out, it was found out that firms have a higher influence on the suppliers on matters appertaining to the Payment terms, nature of the services provided and sales contracts (Table 4.9). However, it was revealed from the study that the firms do not have exclusive influence on all the suppliers. Their influence is limited on suppliers who provide services and products without close substitutes like airlines and shipping agents. Even though, 74.4% of the firms rated the suppliers influence on their business decisions as being low and of little impact. Customers in the freight forward industry have a weak bargaining power over the firms in the industry. This was evident from the findings of the study in which only two (25%) firms acknowledge to the fact customers' influence and intervention affect their profitability to a higher extent. Majority of the firms, 75 % (only drawn from those affected by customers' influence) rated the impact as being moderate (Table 4.9)

In this industry, the government plays a central role in regulating activities of the freight-forwarding firms. In most of the firms the government affects direct and indirectly, through the policies through regulations, subsides hence influencing the growth and cost structure .The government has an upper arm in almost all aspects of industry structure. From its polices the government limits on the behavior of firms and the cost structure. This has been so because the freight firms are the government's direct agents when it comes to tax collection. It's therefore remains essential that the government must look at the operations in the industry. Through this close links to the industry, it was found out that the government has ended up adversely affecting some operations of the firms operating within the industry, (Table 4.11) .By its polices and regulations it was a mutual consensus by 61.53% (24 cases) of all the firms that the government effect is negative. The government has introduced some rules that seem to be harsh on small firms while they favor big ones in the industry. For instance the customs insists that in addition to the clearing agent transit bond the carrying transporter must also furnish a bond of at least one million before they can load transit cargo. This accompanied with draconian measures meant to eliminate corruption, diversion and smuggling of cargo have adversely affected upcoming firms without a strong financial base.

5.1 Conclusion

Though attractiveness is relative, not absolute and conclusion one way or the other is in the eye of the beholder. Industry attractiveness always has to be appraised from the standpoint of a particular company. Industry environment unattractive weak competitors may be attractive to strong competitors The company 's potential to capitalize on the vulnerabilities of weaker rivals converting an unattractive industry situation into a potentially rewarding company opportunity's a general proposition. If an industry overall profit prospects are above average the industry can be considered attractive.

Companies on the outside may look at the industry 's environment and conclude that it is an unattractive business to get into, they may see more profitable opportunities elsewhere, given their particular resources and competencies. But favorably positioned companies already in the industry may survey the very same business environment and conclude that the industry is attractive because it has the resources and competitive capabilities to take sales and market share away from weaker rivals build a strong leadership position and earn good profits. An assessment that the industry is fundamentally attractive suggests that current industry participants employ strategies that strengthen their long- term competitive position in the business expanding sales efforts and investing in additional facilities and capabilities as needed.

If the industry is relatively unattractive, outsiders considering entry may decide against it and look elsewhere for opportunities, weak companies in the industry may merge with or be acquired by a rival and strong companies may restrict further investment and employ cost reduction strategies. Therefore from the findings of this study, it can be concluded that the perceived attractiveness in the freight forward industry is real and the industry is modeled up in accordance to Porters six forces that affect industry attractiveness. Due to a precise leverage of the six forces within the freight forwarding industry, the industry has grown tremendously and still has more potential for growth.

.5.2 Recommendations

a) To create ways in which the delay of clearance of cargo can be limited and the various documentation reduce to fewer hence making it easy to handle freight.

b) To educate the people in the industry by having more colleges and universities offering training on freight forwarding because one of the greatest hindrance in this industry is lack of expertise.

c) The organization handling the freight forwarding industry needs code of ethics to handle the issue of unscrupulous agents who give a bad name to the industry.

d) The industry needs to standardize the basis of pricing which companies' use because different organization charge different rates yet the airline is one.

e) Automation of this sector is very important step, the government should consider because they greatly influence the economy, the government can give policies that favor the freight forwarding industry hence encourage the growth of more firms.

5.3 Suggestion for Future Research

This study has provided an understanding of the perceived attractiveness in the Freight forwarding industry and the factors that influence strategy further research is needed to explore influence of automation in freight forward industry.

5.4 Limitations

It was difficult to get most of the operation managers mainly due to the nature of the job and it would not be easy to convince them to give adequate time to the study.

Lack of resources was a major constrain to the study, as the researcher had to wait for long hours in the offices or go to the field to get the questionnaire to be answered. Some of the questions were not responded to as they were regarded sensitive because they involve commenting on the Government, respondents were not quite willing to do.

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Appendix 1. Research Questionnaire

<u>A survey of the perceived attractiveness of Freight forwarding Industry An application of Modified Porter's framework.</u>

Questionnaire.

Please provide answers for the following questions by giving the necessary details in the spaces provided.

PART I

COMPANY DATA.

1.Name of the Organization--

---.

2.Year of establishment---

3.Who owns the company ? (Please tick where applicable)

a) Local { }

b) Foreign { }

c) N/A { }

d) Other (Specify)...

4.Current number of employees.

a) <50 { }

b) 50-100 { }

c)100-300 { }

d)300-500 { }

e)>500 { }

5) Mention the different operations carried out by the firm ------------------------------

----

6) Which services are mostly required by the customers or the clients?

----

7)What type of equipment are required in this industry?

....

PART II ATTRACTIVENESS

Barriers to Entry /Threat of New Entrants.

For this question the following rating will be used

a) Very High---------1

b) High----------------2

c) Moderate.---------3

d) Low.----------------4

e) Negligible---------5

1) Do you think there are barriers in Kenya, which prevent potential investors from entering the industry?

Yes----------   No------------------

If YES, please name the barriers

---

2).How would you rate the following aspects as being barriers to entry into the industry in Kenya?

		(a)	(b)	(c)	(d)	(e)
a) Start up costs		( )	( )	( )	( )	( )
b) Existing partnership by competitors.	( )	( )	( )	( )	( )	
c) High operating costs.	( )	( )	( )	( )	( )	
d) Price wars.		( )	( )	( )	( )	( )
e) Government regulation.		( )	( )	( )	( )	( )
f) Economies of scale.		( )	( )	( )	( )	( )
g) Access to distributors.	( )	( )	( )	( )	( )	
h) Technology		( )	( )	( )	( )	( )

3) How would you rate the threat by new operators coming in to directly compete with you in the future?

( ) ( ) ( ) ( ) ( )

4) Would you say new entrants are a big threat to your profitability?

Yes { }

No { }

5) What is your overall assessment of the industry entry barriers in Kenya?

....
....

Rivalry among Competitors.

1) How many competitors are there?-----------------------
2) Whom do you consider as main competitors in the freight industry?

   ----
3) How would you rate the intensity of competition in the industry?

   ( ) ( ) ( ) ( ) ( )
4) Which is the strategy adopted to face the competition in the industry?

---

5) What is your assessment of competition of the industry in Kenya?

   ( ) ( ) ( ) ( ) ( )

Bargaining power of Buyers.

1) Do you think the clients have a bargaining power over the services?

Yes----------------- No---------------

If yes, please specify on what aspects they exercise power over you

----

2) Approximately how many customers do you deal with?-------------------------

3). How would you rate the power of the following types of customers over you?

a) Airlines. ( ) ( ) ( ) ( ) ( )

b) Transporters. ( ) ( ) ( ) ( ) ( )

c) Cargo handling facilities. ( ) ( ) ( ) ( ) ( )

d.)Railways ( ) ( ) ( ) ( ) ( )

e)Container services ( ) ( ) ( ) ( ) ( )

4) Do you think customers have an effect on your profitability?

Yes -------------------- No-------------------------

5)What is your overall assessment of your power over buyers?

( ) ( ) ( ) ( ) ( )

Bargaining power of Suppliers.

1.)Approximately how many suppliers do you deal with in regard to

Cargo service centers----------------[ ].

Transporters----------------------------[ ]

Airlines----------------------------------- [ ]

Shipping Agents.--------------------- [ ]

Container services.------------------- [ ]

2.) Do suppliers have an influence over you?

Yes-----{ }

No----- { }

If Yes please rate the strength of suppliers in regard to your business decisions

( ) ( ) ( ) ( ) ( )

3.)Do you think you have some powers over your Suppliers?

Yes-----{ }

No----- { }

If Yes , how would you rate your influence over the Suppliers on

a)Payment terms. ( ) ( ) ( ) ( ) ( )

b)Services. ( ) ( ) ( ) ( ) ( )

c)Business location. ( ) ( ) ( ) ( ) ( )

d)Sales Contracts. ( ) ( ) ( ) ( ) ( )

4.)How would you rate the power of the following types of Suppliers over you?

Cargo services ( ) ( ) ( ) ( ) ( )

Transporters ( ) ( ) ( ) ( ) ( )

Airlines ( ) ( ) ( ) ( ) ( )

Shipping agents ( ) ( ) ( ) ( ) ( )

Container services. ( ) ( ) ( ) ( ) ( )

5.)Please rate the Suppliers effect on your profitability

( ) ( ) ( ) ( ) ( )

Threat of Substitutes.

1.) Does the threat of substitutes affect the profitability?

Yes--------------------------- No-----------------------------

If yes explain to what extent ....

....

2.)Please rate the effect of substitutes on the prices of the services.

( ) ( ) ( ) ( ) ( )

3.)Has the presence of substitutes affected your profitability ?

Yes-------------------- No----------------------

4.)If Yes to what extent can you say substitute services affect the profitability?

( ) ( ) ( ) ( ) ( )

5.)What is your overall assessment of threat of substitutes to your business?

( ) ( ) ( ) ( ) ( )

The Government.

1.) Do you think government policies affect your operations in Kenya?

Yes-------------------------- No----------------------------

If yes, is the effect negative or positive?

Negative { }

Positive { }

2.)Which aspects of government regulatory role affects your profitability?

3.) Do you think the government policies favour some of the freight forwarding firms? Yes------------------ No--------------------

If Yes can you say how?--

4.)Which other aspects of government policies do you think affect your operations?---

----

5.)Overall , how would you rate government policy in the freight forwarding industry in Kenya ? ( ) ( ) ( ) ( ) ( )

Appendix ii: List of Firms

1 Adam Freight Services
2 Afrie Freight services.
3 Air Connections
4 Andy Forwarders.
5 Associated Cargo Services.
6 Best Fast (k) ltd
7 Candy Logistics.
8 Care Handling Services.
9 Cargo World Conveyors.
10 Consolidated Freight
11 Contact Freighters.
12 Continental Cargo Services.
13 Delmas (k) Ltd
14 East African Commercial Shipping
15 Elka Cargo (K) Ltd
16 Epic Freight Ltd
17 Eremo Stores Ltd
18 Express (k) Ltd
19 Fastlane Freight Forwarders
20 Frankline Cargo Services
21 Freight Care
22 Freight in time
23 Froline (k) Ltd
24 Global Freight
25 Goldmark Freighters
26 Highland Forwarders
27 Homeland Freight
28 Inter-freight
29 Jakaranda Cargo Link
30 Jemida Freight Ltd
31 Jokam World Freight Forwarders.
32 JSK Cargo
33 Kenya Airfreight Handling Ltd
34 Lead Time Freighters
35 Maersk (k) Ltd
36 Markfast
37 Mass Cargo Forwarding
38 Marns Freight Forwarders Ltd
39 May Freight Forwarding
40 Mechanised Clearing &Forwarding
41 Midwave Freight
42 Mitchell Cotts Freighters

43 Nami Freighters
44 Neema Freight
45 Nippon Freights
46 Pil (k) Ltd
47 Prafulla Enterprises
48 Quick Cargo Services
49 Rapid Kate
50 Rising Freight
51 Sameday Cargo
52 Samsons Freighters
53 Sawa Freighters.
54 Schenker Logistics
55 SDV transami
56 Signon Freight
57 Skyline Roller Ltd
58 Sonic Airfreight
59 Skyworld Forwarders
60 Tabaki Freight Services
61 Tropical Sky Cargo
62 Ummark Freighters
63 United Cargo Services
64 Urgent Cargo Handling
65 Vinep Forwarders
66 Waki C&F Agents
67 Winban Cargo Services
68 Worldwide Logistics
69 Yaya Freight Forwarders
70 Youngline Cargo Services

Source : Courtesy of KIFWA

Appendix iii

LETTER OF INTRODUCTION

Jacinta Oluoch
University of Nairobi
Faculty of Commerce.
P.O. Box 30197
Nairobi

I am a post – graduate student in the faculty of Commerce, University of Nairobi .In partial fulfillment of the requirement of the Masters in Business Administration Degree (MBA) I am conducting a study entitled the Perceived attractiveness in the freight forwarding Industry in Nairobi. The goal is to find out if freight forwarding industry is perceived to be attractive or not.

You firm has been selected to form part of this study .to this end, I kindly request for your assistance in completing this questionnaire, any additional information you feel might be necessary fore this study is welcome.

The information and data require is purely for academic purposes only and will be treated in strict confidence .A copy of the research project will be available to your company upon requests.

Your assistance will be highly appreciated

Thank you

Yours sincerely

Jacinta Oluoch	Jackson Maalu
MBA student	SUPERVISOR