

**INNOVATION STRATEGIES ADOPTED BY FUNERAL HOMES IN NAIROBI
COUNTY, KENYA**

BY

KIHARA JACQUELYNE NJERI

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER
OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

NOVEMBER, 2013

DECLARATION

This research project is my original work and has not been submitted for a degree in any other university or college for examination/academic purposes.

Signed _____ **Date:** _____

KIHARA JACQUELYNE NJERI

Reg. No. D61/P/8506/2005

SUPERVISOR'S APPROVAL

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

Signed: _____ **Date:** _____

DR. JAMES GATHUNGU

Department of Business Administration

School of Business, University of Nairobi

ACKNOWLEDGEMENT

I wish to express my heartfelt appreciation to our Almighty God, for the gift of life and for seeing me through the completion of this project.

My cordial thanks go to my supervisor, Dr James Gathungu for his guidance, advice, experience and positive criticism that have been invaluable, since the project proposal development. Asante Sana

My sincere gratitude goes to my family for been there for me, specially my husband, mum and dad, mum and dad in love, for their countless support without this period.

Lastly, I am grateful to all lecturers throughout my study at the university, colleagues at work and friends for their encouragement.

Thank you and May God bless you abundantly.

DEDICATION

I dedicate this project to my husband Amon for his love, support and prayers. To my lovely son Ethan for his understanding during the entire period of study and for his love for books.

I also dedicate it to my parents for their unending love and words of continuous challenge and encouragement to reach for higher grounds.

ABSTRACT

For organizations to achieve their goals and objectives, they have to constantly adjust to their environment. This environment is constantly changing and so it makes it imperative for organizations to continuously adapt their activities in order to assure survival (Aosa, 1997). Different forces take on prominence in shaping competition in each industry. Each industry has an underlying structure or set of fundamental economic and technical characteristics, that gives rise to these competitive forces. Funeral sector in Kenya has both publicly and privately owned morgues, the following are some of the funeral homes that provide an inclusive package of morgue, coffins, lowering gears, viewing area, a religious services room or area, public address systems, video\ cameras seats and hearse in Nairobi county namely; Lee Funeral Home, Montezuma & Monalisa Funeral home, Umash Funeral home, Kenyatta funeral home and Chiromo Mortuary. Studies done (Waithaka 2001 and Muriithi 2009) indicate that privately owned funeral homes have a competitive edge compared to the public managed. This study sought to determine factors which influence the choice of innovation strategies adopted by funeral homes in Kenya? The research was conducted through a census. The population for the study consisted of all privately and public owned morgues in Nairobi county, funeral homes offering services. There are 24 funeral homes in Nairobi County and all were under study. The study used both primary and secondary data. The target respondents were morgue directors/ superintendents, marketing managers and administrators. The data collected from the respondents was analyzed using simple statistical tools and presented in frequencies percentages, mean and standard deviation. This study therefore recommends that these firms should incorporate several innovative strategies especially on the marketing area. They should adopt channels including print, direct mail, websites, social media and email marketing to reach a larger market niche. The study further recommends that these funeral homes should partnered with other institutions giving similar services like the insurance companies which helps them reach a large clientele and makes the business more viable. This would bring clients more closely to their services.

Keywords: Innovation, Innovations strategies, Differentiation, Process Innovation, Product Innovation and market innovation

TABLE OF CONTENTS

Declaration.....	ii
Acknowledgement	iii
Dedication.....	iv
Abstract.....	v
Table of Contents.....	vi
List of Tables	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background Study.....	1
1.1.1 The Concept of Innovation.....	2
1.1.2 Funeral service sector in Kenya.....	5
1.1.3 Funeral service sector in Nairobi County.....	6
1.2 Research Problem.....	7
1.3 Research Objectives	8
1.4 Value of the Study.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction	10
2.2 Theoretical Foundation	10
2.3 Types of Innovation	12
2.3.1 Process Innovation.....	13
2.3.2 Product Innovation	14
2.3.3 Market Innovation	15
2.4 Differentiation as a Strategy.....	16

2.5 Empirical Studies on Innovation Strategies	18
2.6 Summary of the Research Gaps	19
CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction	22
3.2 Research Design	22
3.3 Population of the Study	22
3.4 Data Collection.....	22
3.5 Data Analysis	23
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	24
4.1 Introduction	24
4.2 General information	24
4.3 Innovation strategies	29
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	34
5.1 Introduction	34
5.2 Summary	34
5.3 Conclusion.....	36
5.4 Recommendations	36
5.5 Limitation of the Study	37
REFERENCES.....	38
APPENDICES	38
APPENDIX I: LETTER OF AUTHORIZATION.....	44
APPENDIX II: RESEARCH QUESTIONNAIRE	45
APPENDIX III: LIST OF FUNERAL HOMES	50

LIST OF TABLES

Table 4.1: Gender of the respondent.....	24
Table 4.2: Distribution of respondent by age.....	25
Table 4.3: Number of years the funeral home has been in existence	26
Table 4.4:Type of the funeral home.....	27
Table 4.5: Customer Acquisition	27
Table 4.6: Service offered at funeral homes	28
Table 4.7: Innovation strategies employed by organization	29
Table 4.8: Importance of various form of innovation to the organization.....	30
Table 4.9: Generic competitive strategies used to gain the innovative advantage	31

CHAPTER ONE: INTRODUCTION

1.1 Background Study

The greatest concern that has been and will always be is the ability of an established firm to safeguard its existence and survival over time. For organizations to achieve their goals and objectives, they have to constantly adjust to their environment. This environment is constantly changing and so it makes it imperative for organizations to continuously adapt their activities in order to assure survival (Porter, 1980; Aosa, 1997; Pearce and Robinson, 1997; Hamel and Prahalad, 1999). Organizations that do not adequately adjust to meet environmental challenges experience strategic problem. It is characterized by the mismatch of the organization output and the market demand. This has called on firms to rethink their strategies and develop innovative ways to counter threats posed by the environment.

Different forces take on prominence in shaping competition in each industry. Each industry has an underlying structure or set of fundamental economic and technical characteristics, that gives rise to these competitive forces. The strategist wanting to position his company to cope best with its industry environment or to influence that environment in the industry's favor, must learn what makes the environment tick. Organizations are responding to customer's demand by becoming more innovative in their new ways of approaching the environment (Aosa, 1997). Rapid technological change has created a new business environment where innovation has become a top competitive strategy.

A firm's performance and behavior is affected by its competitors and the degree of competition. The degree of competitiveness of the market refers to the degree to which individual firms in the market have power to influence price or other terms on which their services or products are sold. Based on market characteristics like degree of product or service differentiation, entry barriers, mobility, expansion, shrink and exit barriers economist were able to classify industries (Lipsey, 1987; Kotler, 1998; Pearce and Robison, 1997). This has led to organizations embracing innovation as a way of cushioning themselves from the turbulent environment.

1.1.1 The Concept of Innovation

The term "innovation" is complex and has been defined in a variety of ways. The word is associated with the use of human creativity to generate ideas that lead to the emergence of new products, services or new ways of behavior. To innovate is to introduce something that is new or to improve that which already exists. From a business perspective innovation is typically focused on finding ways to enhance the competitiveness of a firm by converting ideas, processes, technologies and alliances into commercially valuable outcomes (Mazzarol and Reboud, 2009). Ongkittikul (2006) discusses innovation as a complex subject characterized by change or adoption process of new technologies or techniques. Not only is it complicated to predict the consequences of such innovations, but also difficult to measure its effects in a systematic way.

An innovation is an idea, behavior, or object perceived as new by its audience. The process by which a new idea or new service is acquired is known as adoption. Diffusion of innovation seeks to explain how innovations are adopted in a population. It offers three

valuable insights in the process of social change namely the qualities that make an innovation spread successfully, the importance of peer-to-peer conversations and peer networks, and it gives an understanding of the need of different user segments.

Lees (1992) discusses innovation as an ambiguous concept, attracting multiple and often conflicting definitions, and conveying different things to different people both in the literature and in organizations. Storey (1989a, 1989b) suggests that the conceptualization about what innovation is, closely wrapped up with what it is for, because clearly it is not an end in itself. Hence, largely conceptualization has to be inferred from treatment of its objectives. Traditional definitions tend to place emphasis on the formal, planned and deliberate aspects of the innovation process. More contemporary definition see innovation as generic encompassing both education and training, formal and informal processes.

Further (Kambil, 2002) discusses business innovation as the discovery and implementation of new technologies, new product and services, new customer experiences, new processes, new markets, new channels and new business models. This results to competitiveness, and the process by which innovation is managed to gain an upper hand is referred to as corporate venturing (Morrissey, 2002). Through corporate venturing, innovation creates purposeful, focused change in an enterprise's economic or social potential (Drucker 1998, Johnson and Scholes, 1999). It requires abandoning comfortable old ways of doing business (Davenport, 1993). There is no single success formula, which has universal validity (Ansoff and Sullivan, 1993). Haapaniemi (2002) notes that good ideas can come from anywhere in the organization hence the need to foster corporate entrepreneurship. Even where there are good ideas, innovation may stall

due to organizational politics defined as competition for limited corporate resources (Kiechel, 1998).

Peng (2009) argues that innovation strategy is a specialized form of differentiation strategy. This offers three advantage to organizations, first introducing new goods or services is likely to earn (quasi) 'monopoly profits' until competitors emerge. If organizations come up with disruptive technologies then they may redefine the rule of competition, thus wiping out the advantages of incumbent. Secondly innovation should be regarded broadly, not only as technological break- through innovation, less novel but still substantially new ways of doing business are also innovation. Lastly, entrepreneurial firms are uniquely ready for innovation.

In her post entrepreneurial model Kuezmarski and Associates (1994) states that traditional organizations face a difficult balancing act between gaining the full benefits from existing mainstream business and at the same time creating new activities that will become the mainstream business of the future. The job of creating new products or ventures used to be the sole domain of the strategic planners or the research and development department.

Innovation strategy is an advantage over competitor's gains by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices (Thompson et al, 2007). A sustainable innovation strategy is the prolonged benefit of implementing some unique value-creating strategy not simultaneously been implemented by any current or potential competitors along with the inability to duplicate the benefit of this strategy.

1.1.2 Funeral service sector in Kenya

According to Archaeologist (Cassem 1976 and Mandelbaum, 1959), humans have paid special attention to their dead for as long as there is archaeological record of our species. Some of the early graves, for example, contain pollen from flowers, which did not grow in the immediate area of the gravesite. Thus, someone brought specific flowers to place with the corpse. Just as we infer from the burial sites of extinct people to their lived culture, the tensions and social forces within our own contemporary culture is reflected in our customs around death and disposal.

In the Kenyan culture, the bereaved dispose the dead in two ways either the burial method conducted at a graveyard or cremation at the Langata graveyard or at Kariokor graveyard. Cremation is based on individual will, culture, religion and family influence. A study done by (Natural death, 2013) discourages the method of cremation since it uses much energy in form of fuel and electricity and as well releases a staggering 400 kilos of carbon dioxide, mercury vapour and other pollutant into the atmosphere which is harmful to the surrounding environment.

Funeral sector in Kenya has both publicly and privately owned morgues, the following are some of the funeral homes that provide an inclusive package of morgue, coffins, lowering gears, viewing area, a religious services room or area, public address systems, video\ cameras seats and hearse in Nairobi county namely; Lee Funeral Home, Montezuma & Monalisa Funeral home, Umash Funeral home, Kenyatta funeral home and Chiromo Mortuary. Three are closely located to each other and strategically placed next to major hospitals: Kenyatta referral Hospital, Nairobi Hospital, Nairobi Women's Hospital and the Mbagathi hospital. The primary reasons that lead to people choose a

particular funeral home is because, the funeral home has served their family or a member in the community before and they liked the service, good reputation, a fair service price and accessible.

Studies done (Waithaka, 2001 and Muriithi, 2009) indicate that privately owned funeral homes have a competitive edge compared to the public managed. This is due to a shorter level of bureaucracy in decision-making and the need to provide quality services. In addition, the fact that the bereaved family can organize with the respective funeral home to provide for a viewing room, service room, carpentry, upholstery and hearse services, in conclusion the funeral home is “a one-stop shop”.

1.1.3 Funeral service sector in Nairobi County

The first mortuary to be established in Nairobi County was the City Mortuary in 1956 by the Act of Parliament facilitated by the colonial government. During the struggle of independence the colonial government found it necessary to have a mortuary where bodies of remnants and destitute people would be preserved and disposed by the mortuary attendants. The initial storage capacity of the funeral homes was six bodies currently the home hold 160 bodies. Later the parliament passed a law that over saw change of management from the government to the City Council of Nairobi.

Nairobi County has both public and private funeral homes for instance Lee funeral, Umash, Montenzuma & Monalisa, Chiromo, Kenyatta University Mortuary to name but a few falls under private mortuary. The following are examples of hospital mortuaries: Avenue mortuary, Karen mortuary, Nairobi hospital mortuary, Guru Nanak in these type of mortuaries, bodies are preserved before transferred to a major funeral home. Kenyatta

National Hospital mortuary runs as a parastatal. The government has direct involvement in the management and operations of some funeral homes e.g. Mathare mortuary, Mbagathi mortuary, Mama Lucy mortuary, Mutuini mortuary to name but a few. Since the mortuaries operate in a competitive environment, their operations are not purely business. There was a bill passed by parliament that proposed funeral homes should be constructed near hospitals and for educational value where students would get firsthand experience on pathology and forensic investigation.

1.2 Research Problem

According to (Trott, 2008) market vision is the ability look into the future and picture products and services that will be successful is a fundamental requirement for firm wishing to engage in innovation. It involves organizations having a technological capability that presents market future needs. While this may sound simple it lies at the heart of innovation process and focuses on the needs of the target market and how the new product impacts on its consumers.

In the funeral industry, the players use differentiation strategy to deliver services that customers perceive to be valuable and different. According to the five forces frame work i.e. rivalry among competitors, threat of potential entry, bargaining power of suppliers, bargaining power of buyers and threat of substitute, the less the players in the industry imitate each other the more protected its services are. Overall, a differentiation strategy requires more creativity and capability than a single-minded drive to lower costs.

Successful differentiators are able to increase their revenue base. Just like any industry the funeral sector operates in a competitive environment. Therefore, it is appropriate for an organization to innovate where possible and avoid circumstances that will lead an institution to operate in a vacuum or underestimate its rivals especially when the industry is experiencing market shift.

There are various studies done on innovation strategies for instance (Lusweti, 2009) Innovation strategies adopted by FM radio stations in Kenya, (Karanja, 2009) Innovation strategies adopted by insurance companies in Kenya, (Gathai, 2009) Innovation strategies adopted by Equity bank. Waithaka (2001) did an analysis on funeral industry in Kenya and (Muriithi, 2009) Strategic responses to the competitive environment: A case study of Umash funeral home. Despite the various studies carried out on innovation strategies, few sources offer guidance on how funeral homes in Kenya can adopt innovation strategies, a knowledge gap that this research proposal endeavors to fill. The study will seek to answer the following questions; what innovations strategies have funeral homes in Nairobi County adopted? And which factors influence the choice of innovation strategies adopted by funeral homes in Kenya?

1.3 Research Objectives

The study objectives are to:

- i) Determine the innovation strategies adopted by funeral homes in Nairobi County.
- ii) Establish factors influencing choice of innovation strategies adopted by funeral homes in Kenya.

1.4 Value of the Study

The external environment is continuously changing and affecting all organizations. As a result new innovations are emerging thus changing the operations of the organizations, funeral homes like all organizations need to respond to environmental changes taking place in a strategic manner to be able to remain competitive and relevant. The study will provide a holistic view of innovation strategies in the funeral sector. Through the findings the funeral homes will be in a position to rethink their innovation strategies in such a way to enable them achieve their goals and objectives.

Secondly the government of Kenya will be in a better position in formulating laws that the funeral sector; this will not only promote an enabling business environment to the existing players and new entrants but also encourage the customer to sample a wide range of products set by the funeral sector and also protect the customer from exploitation by the industry players. The government will also be in better position to implement incentives in the industry that encourage innovation. Lastly, the study will be of value to other scholars who will use the study as a foundation for further knowledge as they seek to improve and develop a better understanding of innovation strategies adopted by local organizations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature available on strategic innovation, types of innovation; process innovation, product innovation, market innovation and differentiation as a strategy used by funeral homes. The first section presents the theoretical framework on strategic innovation, types of innovation followed by the differentiation as a strategy. The second section reveals the empirical studies done in the past years and a summary of the literature review.

2.2 Theoretical Foundation

There are various theories on innovation that form a foundation of innovation in any organization. According to (Cuervo et al, 2005), entrepreneur theory is the ability of the organization leader to detect or create business opportunities presented in the environment. The entrepreneur plays the role of an arbitrator or simply he/she 'sells the idea' of the business project. They further suggest that 'corporate entrepreneur' or the chief executive officers should no longer limit themselves in managing the firm's assets, coordinating and controlling firms activities in the current climate but must anticipate, articulate and manage change. In other words, they must reinvent the firms on a daily basis, creating new enterprise and develop company networks.

The Blue oceans theory is another important theory (Mauborgne and Kim, 2005) argues that while traditional competition based rules are necessary, the blue ocean theory tries to align innovation with utility, price and cost position and achieve both differentiation and low cost simultaneously. A firm achieves blue theory when it manages to create value innovation, which in the end creates value to both the buyer and the company.

In the blue ocean, demand is created and ample opportunity for growth that is both rapid and profitable is identified, which uncontested market space, and making competition irrelevant. While in the Red Ocean, the industry boundaries are well defined and accepted, and player in the industry knows the competitive rules. In the Red oceans companies try to outperform their rivals to grab a greater share of product or service demand.

Strategic innovation is the ability to create and revitalize the business idea and concept of the company by changing both the market of the company and the competencies and business system of the company. In this way, strategic innovation is concerned with developing the entire company. Grant (1998) asserts that to develop innovation strategy in an organization, two primary ingredients: knowledge and creativity must be harnessed. He further advise that only by understanding the determinant of creativity, then fostering through appropriate organizational environment can the firm hope to innovate successfully. Innovation strategy development process involves idea generation, screening, testing and implementation. During the idea generation stage, major sources are both internal through employees and external sources such as customers' competitors, distributors and supplier. Followed by idea screening whereby, ideas generated are reduced in order to spot good ideas and drop poor ones. The good idea is then, developed into a product concept followed by concept testing to confirm if the concept has strong consumer appeal. If the test results are successful, the next stage will be to carry out a marketing strategy development which involves a description of the target market, the planned product positioning, and the sales market share and profit goals for the first few years.

Innovativeness refers to the willingness to support creativity and experimentation in introducing new products, becoming technological leaders, and developing new processes. Plessis (2007) notes innovation as the creation of new knowledge and ideas that facilitate new business outcomes aimed at improving internal business processes and structures and create market driven products and services. Thompson (1965) early and straight forward definition simply states innovation is the generation acceptance and implementation of new ideas, processes product or services.

Muller (1971) is of the opinion that innovation is a vast subject; it means many things, both tangible and intangible. A new idea, theory, process management, social arrangement and behavioral patterns fall under the general subject of innovation. Mueller (1971) points out that while innovation is a natural human activity, it is planned and deliberate and continuous process. Innovation leads to change which leads to necessity for further innovation, which again leads to change, a continuity cycle.

2.3 Types of Innovation

According to (Kuratko, 2009) points out that there are four basic types of innovation namely invention innovation; the creation of new product/ services or process that is 'revolutionary', extension innovation; this type of innovation makes a different application of a current idea, duplication innovation; is replication of an existing product/service/ process that add value to the entrepreneur's creativity and enables the organization to have a competitive edge. Lastly, synthesis innovation; involves taking a number of existing ideas and finding a way that they can form a new application. Hisrich, Peters, and Shepherd (2008) came up with three types of innovation, the first been breakthrough innovation; which is extremely unique innovation that often establishes a platform of future innovations.

Secondly, technological innovation involves the advancement of a product/ service or market area. Third type of innovation in their analysis is ordinary innovation this is mostly identified when a market analysis is carried out by a firm.

Bessant and Tidd (2009), argue that innovation can take many forms but they summarized types of innovation into four as follows: production innovation, process innovation, position innovation and paradigm innovation this is a shift in long held assumption about a business/ product or service. Adriopoulos and Dawson (2009), analyzed innovation into four types namely: product/ service innovation, process innovation, management innovation and market/ position innovation. The latter type of innovation will be elaborated more in this study.

2.3.1 Process Innovation

Davenport (1993) defines process innovation as a combination of structure for doing work with an orientation to visible and dramatic results. It involves stepping back from a process to inquire into its overall business objective, and then effecting creative and radical change to realize order- of – magnitude improvement in the way that objective is accomplished. Process innovation can be distinguished from process improvement, which seeks a lower level of change. If process innovation means performing a work activity in a radically new way, process improvement involves performing the same business process with slightly increased efficiency or effectiveness .Process innovation embraces quality function deployment and business process reengineering (Cumming, 1998). An efficient supplier who keeps working on productivity gains can expect, over time, to develop products that offer the same performance at a lower cost. Such cost reductions may, or may not, be passed on to customers in the form of lower prices.

Process innovation is important in both the supply of the core product as well as in the support part of any offer. Both components of an offer require quality standards to be met and maintained. In the case of services, which by their very nature rely on personal interactions to achieve results, the management of process innovation is a particularly challenging activity (Johns and Storey, 1998). It is generally known that a variety of factors are implicated in innovation success. First, there is evidence to support the view that new products success is related to the formalization of new products processes (Cooper et al, 1999; Cooper 1993). Second, there is also the issue of providing the right environment for innovation. Central to the debate is whether the capacity to innovate is predominantly a personal attribute, or whether it is an emergent property of organizations amenable to systematic management (Leavy, 1997). Third, it is hardly surprising that making sure customers' needs act as the prime driver for innovation is deemed to be a critical issue (Foxall, 1989; Fitfield, 1998).

2.3.2 Product Innovation

Product innovation is the creation and subsequent introduction of a product or service that is either new, or improved on previous products or services. Kirill (2011) defines product innovation as the development of a new product, changes in design of established products, or use of new materials or components in the manufacture of established products. Thus product innovation can be divided into two categories of innovation: development of new products, and improvement of existing products. Under the development of new products describes the complete process of bringing a new product or service to market.

There are two parallel paths involved in the process: one involves the idea generation, product design and detail engineering; the other involves market research and marketing analysis. While improvement of existing products often takes place when a product's sales are in decline, this is an obvious and commonly used method to extend the life of a product.

Product innovation provides the most obvious means for generating revenues. Process innovation, on the other hand, provides the means for safeguarding and improving quality and for saving costs. Improved and radically changed products are regarded as particularly important for long term business growth (Oke and Goffin, 2001). The power of product innovation in helping companies retain and grow competitive position is indisputable. Products have to be updated and completely renewed for them to have a strong market presence.

2.3.3 Market Innovation

Market innovation is concerned with improving the mix of target markets and how to serve best the chosen markets (Mitchell, 1996). Its' purpose is to identify better (new) potential markets; and better (new) ways to serve target markets. In market innovation identification of potential markets is achieved through skillful market segmentation, (Walker et al, 1996). Market segmentation, which involves dividing a total potential market into smaller more manageable parts, is critically important if the aim is to develop the profitability of a business to full. Incomplete market segmentation will result in a less than optimal mix of target markets, meaning that revenues which might have been earned are misread.

Meyer (1984) categorized product development into primary and secondary innovation. Primary innovations were broadly concerned with the development of new markets and relate to instances where there is a high degree of technical originality and a commensurate change in consumer behavior. Secondary innovations, on the other hand, are basically business or company focused and typically involve improvement to an existing market.

2.4 Differentiation as a Strategy

According to Murithi (2009), he states that most funeral homes use service differentiation as a strategy of attracting a wider range of customers. Most private morgues have three categories of pricing; Middle, VIP and executive. Differentiation is the ability, to sell differentiated product at a price that exceed spent cost in creating the product or service. This is allows the firm to outperform its rivals and earn above average returns. A product differentiation can be done in various ways: Unusual features, responsive customer service, rapid product innovation and technological leadership, perceived prestige and status different tastes and engineering design and performance are example of approaches to differentiation (Porter, 1980)

Rather than cost reduction a firm using the differentiation needs to concentrate on investing in and developing such things that are distinguishable and customer will perceive. Overall, the essential success factors of differentiation in terms of strategy implementation is to develop and maintain innovativeness, creativeness and organizational learning within a firm (Ireland et al, 200, Dess and Davis, 1984 Porter, 1985).

The term unique selling proposition refers to advertising to communicate a product's differentiation (Reeves, 1961). In economics, successful product differentiation leads to monopolistic competition and is inconsistent with the condition for perfect competition which include the requirement that the product of competing firms should be perfect substitutes Kotler (2001) insists that anything that a firm can do to create buyer value represents a potential basis for differentiation once it finds a good source of buyer value, it must build the value, creating attributes into its products at an acceptable cost. These attributes may raise the products' performance or make it more economical to use. Differentiation possibilities can grow out of possibilities performed anywhere in the activity cost chain.

Differentiation can be achieved on a variety of bases, for example by design, style, product or service features, price, image etc. The major advantage of service differentiation strategy, as opposed to a cost leadership strategy, is that it creates or emphasizes a reason why the customer should buy from the company rather than from its competitor. While cost leadership creates an essentially financially based advantage for the company, differentiation creates a market based advantage (Hall, 1980).

The objective of differentiation is to develop a position that potential customers sees as unique. Differentiation primarily impacts performance through reducing directness of competition to the product becomes more different; categorization becomes more difficult and hence draws fewer comparisons with its competition. A successful product differentiation strategy will move your product from competing based primarily on price to competing on non- price factors (such as product characteristic, distribution strategy, or promotional variables).

Most people would say that, the implication of differentiation is the possibility of charging a price premium; however, this is a gross simplification. If customers value the firm's offer, they will be less sensitive to aspects of competing offers; price may not be one of these aspects. Differentiation makes customers in a given segment have a lower sensitivity to other features non-price of the product (Sharp and Dawes, 2001).

2.5 Empirical Studies on Innovation Strategies

Studies have been done on innovation strategies, (Lusweti, 2009); the greatest factor that affects the choice of innovation strategy in the media industry is the economic factor. Other factors that affect the industry are management policies, political factor, social (religion, life style) and competitor's action. Sophie (2009), quality customer care was a factor in influencing innovative strategy. Human resources and marketing were the strategy focused by insurance companies in Kenya. The study also revealed that cost leadership was the most used competitive strategy on innovative advantage in the insurance industry.

Gathai (2009), technology was an influential factor since geographical barriers were broken, posting staffs who understood the culture, language and values of the target population, use of village mobile units and agency model has helped the bank increase its customer base and profits as well. Munyasi (2010), In this case study the major challenge Safaricom Company faced was the need to have a better quality product that could met customer expectations and needs in order to provide value to its customers. The following were identified as challenges; the ability to understand the target market better, implementing a mobile payment for the masses and financing the M-Pesa project were some of the major challenges.

Kinuthia (2010), in this study it was realized that large and medium sized banks innovate regularly while small sized banks were split between innovating regularly or on rare occasions. The reason as to why large banks innovate regularly was their financial strength. Increasing revenue, introduction of similar products by competitors, poor customer response on new products and enhancing customer satisfaction were the major influencing factors in financial innovation while improved customer service and increase in bank revenue were the major benefits. Bwaley (2011), the project revealed that majority of the banks for the last 5 years had innovated in new technology, new products however it is clear that minimum attention has been given to the service innovation. The study shows that process innovation which led to business processes increased efficiency and increased its market share. Moreover, the study found out that information technology capabilities support the bank strategies and most banks are willing to finance technology and innovation.

Muriithi, (2009), major challenge identified was rivalry among competitors. Wanjiru (2001), in her study the following is evident that since the industry was on its emerging stages the strongest factor was easy entry of competitors. Low bargaining power of customers, moderate intra- industry rivalry, moderate strong threat of substitute services (cremation), the government inability to prevent unlicensed companies from operating leading to unfair competition followed in that order.

2.6 Summary of the Research Gaps

For any organization to remain relevant in the environment, it ought to innovate from time to time as most authors suggest that innovation is the adoption of a new process, technology or technique. Lees, (1992) points out that innovation is not an end in itself.

This is true because for innovation to be effective in a given organization there should be proper organizational structure in place to be able to support the innovation. The willingness of its employees to learn and accept the changes brought about by innovation. It is necessary to note that organizations should create an organizational culture that encourages its employees to suggest new and relevant ideas that it can implement. Since goods ideas can come from any level of management introduced in the organization, therefore, proper methods of communication should be in place and open to all employees.

Currently organization are developing department that deal with product research and development while others create innovation department, with the intention of having a competitive edge over its competitors. (Kay, 1993) notes that innovation is a key element in corporate strategy and firm level performance. In addition innovation can introduce scarce, high value added products and the individual firm can reap super- normal profits from its introduction. It allows the firm to develop new products or services. Previous studies done indicate that different industries adopt different ways or methods to carry out innovation. Some organizations tend to innovate more on technology, while others use economic factors, quality customer care, and introduction of new and unique products or service in the market. For instance banking industry has increased its revenue through technological innovation while insurance companies benefit more when they introduce a service innovation to the target market. There are two scholars who seem to agree that entry of new competitors is the greatest threat in the funeral sector.

Hisrich, Peters and Shepherd (2008), will suite best in mechanical, engineering, medical field and ICT companies. The levels follow each other in an orderly manner. Breakthrough innovation, technological innovation and ordinary innovation. Most organizations in the service industry will implement different innovation strategies that will lead to have a competitive edge in the environment. In some cases innovation strategies can be benchmarked from one organization to another is evident in the banking industry.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the research project. The research methodology was presented in the following order: research design, population of the study, data collection and data analysis

3.2 Research Design

The research was conducted through a census. Nairobi county census is appropriate since, it will enable the researcher to have an-in depth understanding of the topic under study. The importance of a census is emphasized by Cooper (2007) and Saunders (2004) who both acknowledge that a census is a count of all the elements in a population or the collection and analysis of data in every possible case or group member in the population. This was a powerful form of qualitative analysis that involved a careful and complete observation of the total population in the study.

3.3 Population of the Study

The population for the study consisted of all privately and public owned morgues in Nairobi county, funeral homes offering services E.g. hearse services, repatriation to and from abroad and the related accessory products were included in the study. There are 24 funeral homes in Nairobi County and all were under study.

3.4 Data Collection

The study used both primary and secondary data. Primary data was collected using questionnaires, which, was well structured and detailed to address the research question.

It had two sections; the first section addressed on the general information while the second section addressed innovation strategies. The target respondents were morgue directors/ superintendents, marketing managers and administrators. Secondary data was sourced from relevant journal, academic books, articles and unpublished projects. The questionnaire was administered based on drop-and-pick method.

3.5 Data Analysis

The data collected from the respondents was analyzed using simple statistical tools. Data analysis is the way in which to handle raw data in order to facilitate understanding and reporting of findings to meet the objectives of the study. The data collected was qualitative and quantitative in nature. The complete questionnaires were edited for completeness and consistency; this determined the usefulness, credibility and adequacy of the data collected. The responses from the questionnaire was tabulated and coded and the results were presented in graphs, charts, mean and percentages to summarize the data.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter analyses and interprets data of on the factors influencing the choice of innovation strategies adopted by funeral homes in Kenya. The analyzed data is arranged under themes that reflect the research objectives. However, these themes are preceded by the equally essential background data about the personal profile of respondents. The results are presented and analysed using simple statistical tools generated frequency and percentage tables as quantitative data. Besides, interview responses logically presented by use of “phraseology” “word statements” to prove and/or supplement this quantitative data as shown in the proceeding sections.

4.2 General information

Table 4.1: Gender of the respondent

Gender	Frequency	Percent
Male	15	71.4
Female	6	28.6
Total	21	100

Source, Research Data (2013)

On the gender respondent the study found that majority of the respondent as shown by 71.4% indicated that they were male whereas 28.6% of the respondent indicated that they as female, this is an indication that funeral homes in Nairobi employed both gender though not in equal proportion.

Table 4.2: Distribution of respondent by age

Age	Frequency	Percent
20 to 30 years	5	23.8
31 to 40 years	9	42.9
41 to 50 years	7	33.3
Total	21	100

Source, Research Data (2013)

The study sought to determine the age of the respondent, from the findings the study found that most of the respondent as shown by 42.9% indicated that they were aged between 31 to 40 years, 33.3% of the respondent indicated that they were aged between 41 to 50 years and 23.8% of the respondent indicated that they were aged between 20 to 30 years, this is an indication that respondent were well distributed in terms of their age.

On the funeral home the respondent were working for, the study found that respondent were working in various funeral home which were Karen Hospital Mortuary, Aga Khan Hospital Mortuary, Avenue Hospital – Mortuary, Kenyatta University Mortuary , Lee Funeral Home , Mama Lucy Hospital- Mortuary , Mater Hospital- Mortuary , Mathare Hospital Mortuary , Chiromo Mortuary , City Mortuary, Gertrude’s Hospital Mortuary, Guru Nanakak Hospital Mortuary, Kenyatta National Hospital Mortuary, Mbagathi District Hospital- Mortuary , Montezuma & Monalisa Funeral Home , MP Shah Hospital Mortuary, St. Mary Funeral , Umash Funeral Home, Mutuini Dagoretti Mortuary, Nairobi West Hospital and St. Francis Kasarani- Mortuary, this is an indication that respondent were from various funeral home in Nairobi which were targeted by the study.

The study sought to determine the position held by the respondent in the organization, the study found that respondent held various position in the organisation which were operation manager, transport manager, house keeper, marketing managers, general manager, clerk, accountant and operation staff .

Table 4.3: Number of years the funeral home has been in existence

Number of years	Frequency	Percent
1 to 10 years	3	14.3
11 to 20 years	6	28.6
21 to 30 years	7	33.3
31 to 40 years	4	19.0
41 to 50 years	1	4.8
Total	21	100

Source, Research Data (2013)

The study sought to determine the number of years the funeral homes were in existence from the findings the study found that 33.3% of the respondent indicated that the funeral home had been in existence for 21 to 30 years, 28.6% of the respondent indicated that the funeral home was in existence for 11 to 20 years, 19% of the respondent indicated that the funeral home had been in existence for 31 to 40 years, 14.3% of the respondent indicated that their funeral home had been in existence for 1 to 10 years whereas 4.8% indicated that their funeral home had been in existences for 41 to 50 years. On the number of employees in the funeral home the study found that the number of employees ranged from 23 to 100 employees in the funeral home.

Table 4.4: Type of the funeral home

Type of business	Frequency	Percent
Sole proprietor	2	9.5
Partnership	6	28.6
Limited company	10	47.6
Others	3	14.3
Total	21	100

Source, Research Data (2013)

On the ownership of the funeral home the study requested the respondent to indicate the nature of the ownership of their funeral home, from the findings the study found that most of the respondent as shown by 47.6% indicated that their funeral home was limited company , 28.6% of the respondent indicated that their organization was partnership , 14.3% of the respondent indicated that their organization was other whereas 9.5% of the respondent indicated that their organization was sole proprietorship , this is an indication that funeral home in Nairobi had various form of ownership with most of them being limited companies . On the nature of ownership of the business, the study found that all the funeral homes in Kenya were locally owned.

Table 4.5: Customer Acquisition

Customer acquisition methods	Percent
Word of mouths	42.9
Advertising	76.2
Branded company vehicles	66.7
On site notice / walk in customers	28.6
PR / reputation of owner	33.3

Source, Research Data (2013)

From the findings on the methods used in customer acquisitions, the study found that most of the respondent indicated that their funeral homes acquired customer through advertising as shown by 76.2%, branded company vehicles as shown by 66.7%, word of mouth as shown by 42.9%, Public relation /reputation of the owners as shown by 33.3% and On site notice / walk in customers as shown by 28.6%, this clearly shown that funeral home used various strategies in acquisitions of customers.

Table 4.6: Service offered at funeral homes

Service offered at funeral homes	Percent
Transport (hearse services)	95.2
Hire of lowering gear	90.5
Embalming	95.2
Accessories (ribbons, perfumes, flowers etc)	81.0
Counseling services	52.4
Repatriation of bodies around the world	42.9
Supply of coffins/ caskets	90.5
Public address systems	33.3
church trolley	95.2
Cremation	61.9
funeral planning	47.6

Source, Research Data (2013)

From the finding on the service offered at funeral home the study found that the service offered at funeral home were transport (hearse service), embalming and church trolley as shown by 95.2% in each case, supply of coffins /caskets and hire of lowering gear as shown by 90.5% in each case, accessories (ribbons, perfumes, flowers etc) as shown by 81%, cremation as shown by 61.9%, counseling service as shown by 52.4%, funeral planning as shown by 47.6% and public address systems as shown by 33.3%.

4.3 Innovation strategies

Table 4.7: Innovation strategies employed by organization

Innovation strategies employed	Percent
Technology	90.5
Service	81.0
Customer quality	85.7
Efficient process	81.0
Management	76.2
Economic factors	71.4
New market	90.5
Paradigm shift	81.0

Source, Research Data (2013)

From the findings on the innovations strategies employed in funeral homes the study found that the various innovation strategies employed in funeral home were technology and new market as shown by 90.5% in each case, customer quality as shown by 85.7%, service, paradigm shift and efficient process as shown by 81% in each case, management as shown by 76.2% and economic factors as shown by 71.4%, this show that funeral home in Nairobi applied various innovation strategies.

The study also revealed that the innovation strategies applied by funeral homes in Nairobi were competitive in the environment of operation. These findings concur with findings of Kuratko, (2009) who points out that there are four basic types of innovation namely the creation of new product/ services or process, duplication innovation synthesis innovation; involves taking a number of existing ideas and finding a way that they can form a new application . Bessant and Tidd (2009), states that there are four type of innovation; production innovation, process innovation, position innovation and paradigm innovation this is a shift in long held assumption about a business/ product or service.

Table 4.8: Importance of various form of innovation to the organization

Forms Of Innovation	Mean	Std Deviation
New technology	1.820	.672
New service	1.895	.741
New customer experience	2.014	.706
New process	1.582	.554
New Market	1.701	.522
New channel	1.522	.532

Source, Research Data (2013)

From the findings on the importance of the various forms of innovation to the organization, the study found that majority of the respondent rated the following innovation as important to the organization, new channel as shown by mean of 1.522, new process as shown by mean of 1.582, new market as shown by mean of 1.701, new technology as shown by mean of 1.820, new service as shown by mean of 1.895 and new customer experience as shown by mean of 2.014.

This is an indication that various forms of innovations were important to organization. Market innovation is concerned with improving the mix of target markets and how to serve best the chosen markets (Mitchell, 1996). Improved and radically changed products are regarded as particularly important for long term business growth (Oke and Goffin, 2001). Process innovation embraces quality function deployment and business process reengineering (Cumming, 1998). Gathai (2009), technology was an influential factor since geographical barriers were broken.

Table 4.9: Generic competitive strategies used to gain the innovative advantage

Strategies	Mean	Std Deviation
Differentiation	1.641	.882
Cost leadership	1.880	.896
Market focus/ niche strategy	1.686	.916

Source, Research Data (2013)

From the finding on the respondent rating the use of generic competitive strategies to gain the innovative advantage by funeral home, the study found that funeral home used various generic competitive strategies which were differentiation as shown by mean of 1.641, Market focus/ niche strategy as shown by mean of 1.686 and cost leadership as shown by mean of 1.880. This clearly shows that various generic strategies were used by funeral home in Nairobi. Murithi (2009) found that most funeral homes use service differentiation as a strategy of attracting a wider range of customers. A product differentiation can be done in various ways: Unusual features, responsive customer service, rapid product innovation and technological leadership, perceived prestige and status different tastes and engineering design and performance are example of approaches to differentiation (Porter, 1980).

On whether the respondents firms implemented these innovative strategies and how successful they had been, the study established that majority of the firms incorporate several innovative strategies especially in their marketing department. Channels included are; print, direct mail, websites, search engine optimization, social media, email marketing, mobile marketing, and online reputation management into an easy-to-implement marketing plan. These have helped them reach many customers. The study also revealed that the homes had also partnered with other institutions giving similar services like the insurance companies which helps them reach a large clientele and makes the business more viable.

On the most important key factors in driving the respondents organization towards an innovative strategy advantage, the study established that majority of the respondents indicated that it was competition among the existing funeral homes and the level at which the industry is having new players each day. So all the existing firms have to outdo each other in terms of service delivery, quality of the services and the extent to which they disseminate information in regard to their services and where they are located.

Among the most successful innovation strategies in terms of enhancing improved performance in the respondent's funeral homes, the study established that most of them indicated that the modern technology has been a fundamental part in their innovation strategy. This is in regard to the enhancement of effective services delivery in terms of client's attendance, retrieval of client's details, booking of equipments to be used during the funeral that is the hearse plus other equipments to be used.

Others indicated that instead of a quiet and dark traditional funeral home, their funeral homes have presented a bright and airy building with lots of windows to let natural light fill their rooms and flat screen TVs scattered throughout their facilities that play life tribute videos with music. They also have Children Play Centers, an area designed for the younger visitors so they can feel more comfortable.

On the challenges faced by the organization in the adoption of innovation strategies, the study found out the major challenge was financial constraint and lack of well trained staff who would stir the organizations to greater heights. On the solutions the respondents felt that these family homes need to embrace the new opportunities that technology including funeral home websites and social media provides to help educate pre-planning clients and at-need families on their options by communicating the message that today's funeral professionals are open to new ideas to help personalize a funeral life celebration.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussion of the findings, conclusion and recommendations of the study on innovation strategies adopted by funeral homes in Nairobi County. The study also establishes factors influencing choice of innovation strategies adopted by funeral homes in Kenya.

5.2 Summary

This study examined major funeral home in Nairobi county which were Karen Hospital Mortuary, Aga Khan Hospital Mortuary, Avenue Hospital, Mortuary, Kenyatta University Mortuary, Lee Funeral Home, Mama Lucy Hospital-Mortuary, Mater Hospital- Mortuary, Mathare Hospital Mortuary, Chiromo Mortuary, City Mortuary, Gertrude's Hospital Mortuary, Guru Nanakak Hospital Mortuary, Kenyatta National Hospital Mortuary, Mbagathi District Hospital- Mortuary, Montezuma & Monalisa Funeral Home, MP Shah Hospital Mortuary, St. Mary Funeral, Umash Funeral Home, Mutuini Dagoretti Mortuary, Nairobi West Hospital and St. Francis Kasarani- Mortuary.

This study established that among the methods used in customer acquisitions was through advertising and this was represented by 76.2% response rate. It also revealed that the service offered at funeral home includes transport (hearse service), embalming and church trolley with a representation of 95.2%. Others included supply of coffins /caskets and hire of lowering gear and public address systems.

From the findings on the innovations strategies employed in funeral homes the study revealed that the various innovation strategies employed in funeral home were technology and new market as shown by 90.5% in each case, customer quality as shown by 85.7%. The study also revealed that the innovation strategies applied by funeral homes in Nairobi were competitive in the environment of operation.

It also came to the researcher's attention that innovation played a fundamental role in the organization. This was brought about by looking for new channel, new process, new market, new technology and finally new service. This is an indication that various form of innovation was important to organization. The study further revealed that funeral homes used various generic competitive strategic which included Market focus/ niche strategy and cost leadership. This clearly shows that various generic strategy were used by funeral home in Nairobi.

The study also established that majority of the firms incorporate several innovative strategies especially on the marketing area. They had included channels including print, direct mail, websites, search engine optimization, social media, email marketing, mobile marketing, and online reputation management into an easy-to-implement marketing plan. These have helped them reach many customers. The study also revealed that the homes had also partnered with other institutions giving similar services like the insurance companies which helps them reach a large clientele and makes the business more viable.

The study further revealed that among the challenges faced by the organization in the adoption of innovation strategies were financial constraint and lack of well trained staff who would stir the organisations to greater heights.

On the solutions the respondents felt that these family homes need to embrace the new opportunities that technology including funeral home websites and social media provides to help educate pre-planning clients and at-need families on their options by communicating the message that today's funeral professionals are open to new ideas to help personalize a funeral life celebration.

5.3 Conclusion

This study therefore concludes that the method used in customer acquisitions was through advertising and also the service offered at funeral home includes transport (hearse service), embalming and church trolley, supply of coffins /caskets and hire of lowering gear and public address systems.

It also concludes that innovation played a fundamental role in the organization which brings new channel, new process, new market, new technology and new services. The study also concludes that channels including print, direct mail, websites, search engine optimization, social media, email marketing, mobile marketing, and online reputation would be very fundamental in implementing the marketing plan.

5.4 Recommendations

This study therefore recommends that these firms should incorporate several innovative strategies especially on the marketing area. They should adopt channels including print, direct mail, websites, social media and email marketing to reach a larger market niche.

The study further recommends that these funeral homes should partner with other institutions giving similar services like the insurance companies which helps them reach a large clientele and makes the business more viable. This would bring clients more closely to their services.

The study also recommends that the funeral homes should adopt modern technology especially in their operations services to simplify retrieval of client's details, booking of equipments to be used during the funeral that is the hearse plus other equipments to be used. This would call for well trained staff who would stir the organisations to greater heights.

Family homes need to embrace the new opportunities that technology including funeral home websites and social media provides to help educate pre-planning clients and at-need families on their options by communicating the message that today's funeral professionals are open to new ideas to help personalize a funeral life celebration.

5.5 Limitation of the Study

There were a number of limitations in the course of the study. Some respondents were not too willing to cooperate in filling the questionnaires this was overcome by having a conversation with the respondents first. Some Respondents took a long time to fill and complete the questionnaire but the researcher ensured that the date of submitting the questionnaires was important for the study to be completed in time.

REFERENCES

- Adriopoulos, I. and Dawson, H. (2009). *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*. New York: Oxford University Press.
- Ansoff, H. I. and Sullivan, P. A. (1993). Optimizing Profitability in Turbulent environments. *A Formula for Strategic Success Long Range Planning* Vol. 26, No. 5 PP 11-23.
- Aosa, E. (1997). Contextual influence on strategic planning: Porter's Industry Analysis Model in Kenyan Setting. *Moi University Business Journal*, Issue 1 Vol. 1, No. 1 pp. 4-5.
- Bwaley, K. (2011). *The Relationship Between Innovation Strategies and Competitive Advantage among Banks Listed in the Nairobi Stock Exchange*. Unpublished MBA project; School of business: University of Nairobi.
- Cassem, Ned H. (1976). The First Three Steps Beyond the Grave. In Vanderlyn R. Pine, Austin H. Kutscher, David Peretz, Robert C. Slater, Robert DeBellis, Robert J. Volk and Daniel J. Cherico (Eds.), *Acute Grief and the Funeral*. (Pp. 13-22). Springfield: Charles C. Thomas.
- Cooper, D. R and Schindler, P. S. (2007). *Business Research Methods*. 9th edition. Boston: Mc Graw Hill.
- Cooper, R. G., Edgett, S. and Kleinschmidt, E. J. (1999). New product portfolio Management: practices and performance. *Journal of Product Innovation Management*. Vol. 16 No. 4, pp. 333-51.
- Cuervo, A.; Ribeiro, D. and Roig, A. (2005). Concept, Theory and Perspective. *Journal of International Entrepreneurship and Management* 1, 5-7.
- Cumming, B. S. (1998). "Innovation Overview and Future Challenges" *European Journal of Innovation Management*, Vol. 1 No. 1, PP 21-9
- Davenport, F. (1993). "Organizational complexity and innovation: developing and testing multiple contingency models", *Management Science*, Vol. 42 No.5, pp.693-716

- Davenport, T. (1993). *Process Innovation*. Boston: Harvard Business School Press.
- Dess, D. J., and Davis, A. (1984). "Dynamic capabilities and strategic management", *Strategic Management Journal*, Vol. 18 No.7, pp.509-33.
- Drucker, J. M. (1998). *Innovation: A Guide to the Literature*. UK: Oxford University Press.
- Drucker, P. (2010). *Innovation and Entrepreneurship* 6 ed. China: Elsevier Ltd.
- Fitfield, P. (1998). *Marketing Strategy*. Heinemann: Oxford Butterworth
- Gathai, E. (2009). *Innovation Strategies Adopted by Equity Bank*. Unpublished MBA project; School of business: University of Nairobi.
- Gitonga, T. (2003). *Innovation Processes and the Perceived Role of the CEO in the Banking Industry*. Unpublished MBA projects; school of Business: University of Nairobi.
- Grant, R. (1998). "The Resource-based theory of competitive advantage: Implications for strategy formulation", *California Management: review*, Vol, 33 No. 3, PP. 114-35.
- Haapaniemi, P. (2002). *Innovation: Closing the Implementation Gap*. Chief Executive, June. Retrieved from www.accenture.com.
- Hall, W. K. (1980). Survival strategies in a Hostile Environment. *Harvard Business Review* (58 Sept – Oct) pp. 75-85.
- Hamel, G. and Prahalad, C. K. (1994). *Competing for the future*, Boston: Harvard Business School Press.
- Hisrich, K., Peters, J.T., Shepherd, A. (2008). "The effects of entrepreneurial proclivity and market orientation on business performance", *Journal of Marketing*, Vol. 66 pp.18-32
- Robert, G. (2013). *Unnatural Death*. Retrieved from <http://www.naturaldeat.org.uk> May 23rd 2013

- Ireland, C., and Easingwood, C.J. (2008). "The augmented service offering: a conceptualisation and study of the impact on new service success", *Journal of Product Innovation Management*. Vol. 15 No.4, pp.335-51.
- Johne, A. and Storey, C. (1998). New Service development: A review of the literature and annotated bibliography. *European Journal of Marketing*, Vol. 32 No. ¾, pp. 184-251
- Johnson, G. and Scholes, M. (1999). *The organisational culture of idea management: a creative climate for the management of ideas*, in Henry, J., Walker, D. (Eds), *Managing Innovation* London: Sage.
- Kambil, A. (2002). *Good ideas are not enough: Adding execution muscle to innovation engines*. Retrieved from www.accenture.com.
- Karanja, P. W. (2002). *Competitive Strategies for real estate: The perspective of Porters Generic model*. Unpublished MBA project; School of Business: University of Nairobi.
- Karanja, S. (2009). *Innovation Strategies Adopted by Insurance Companies in Kenya*. Unpublished MBA project; School of Business: University of Nairobi.
- Kay, J. (1993). *Foundation of Corporate Success*. New York: Oxford University Press.
- Kiechel, W. (1998). *The Politics of Innovation*. *Fortune* April pp. 131-132
- Kim, W. & Mauborgne, R. (2005). *Blue Ocean Strategy*. 1st Edition. US: Harvard Business School Press
- Kim, W.C. and Mauborgne, R. (1999). "Strategy, value innovation, and the knowledge economy", *Sloan Management Review*, Spring, Vol. 40 No.3, pp.41-54.
- Kinuthia, B. (2010). *An Analysis of Financial Innovation in the Kenyan Banking Sector*. Unpublished MBA project; School of Business: University of Nairobi.
- Kirill, S. (2011). Process Vs Product. *A Journal of Innovation Funding*.
- Kotler, J. (1990). *Dictionary for Accountants*. 6th ed. Englewood Cliffs, NJ: Prentice-Hall College Division, 528-529.

- Kotler, P. (1998). *Marketing Management* (12ed) New Jersey: Prentice Hall.
- Kotler, P. and Thevin, L. T. (2006). *Marketing Management* (12ed) New Jersey: Prentice Hall.
- Kuezmarski & Associates, Inc. (1994). *Winning New Product and Service Practices for the 1990s*. Kuezmarski & Associates, Inc Chicago, IL.
- Kuratko, D. F. (2009). *Introduction to Entrepreneurship*. 8th ed. South Western.
- Leavy, M. (1997). "Re-engineering work: don't automate, obliterate", *Harvard Business Review*, July-August, Vol. 68 No.4, pp.104-12.
- Lees, S. (1992). Ten Faces of Management Development. *Journal of Management*.
- Mumford, A. (1993). *Management development strategies for Action*, London: IPD
- Lipsey, R. G. (1987). "An introduction to positive economics" ELBS/Weidenfeld & Nicolson.
- Lusweti, E. (2009). *Innovation strategies adopted by FM Radio stations in Kenya*. Unpublished MBA project; School of Business: University of Nairobi.
- Mauborgne, C.C and Kim, L. (2005). "A dynamic view of strategy", *Sloan Management Review*, Vol. 40 No.3, pp.55-63.
- Mazzarol and Rebound, S. (2009). *The Strategy of Small Firms*. UK: MPG Books Group.
- Meyer, N. D. (1996). *Structural Cybernetics: An Overview*, New York: Ridge Field.
- Mitchell, A. (1996). "Producers are Driving Inflation", *Marketing Week*, pp. 26
- Morrissey, C. A. (2000) *Managing Innovation Through Corporate Venturing*. The Graziadio Business Report spring.
- Mugenda, O. M. and Mugenda, A. G. (2003). *Research Methods Quantitative and Qualitative Approaches*. Nairobi: Acts Press.
- Muller, B. G. (1971). "Configurations revisited", *Strategic Management Journal*, Vol. 17 No.7, pp.505-12.

- Munyasi, N. (2010). *Challenges of Innovation Strategy: A Case Study of M-Pesa Product Introduced by Safaricom*. Unpublished MBA project; School of Business: University of Nairobi.
- Muriithi, J. (2009). *Strategic Responses to the Competitive Environment. A Case Study of Umash Funeral Services Limited*. Unpublished MBA project; School of Business: University of Nairobi.
- Oke, A. and Goffin, K. (2001). Innovation Management in the service sector. *Management Focus, Summer Issue*.
- Ongkittikul, J. F. (2006). "Uncertain innovation and the persistence of monopoly", *American Economic Review*, Vol. 73 No.4, pp.741-8
- Pearce, N. and Robinson, J., (1997). *Uncertainty and Technological Change*. Boston: Federal Reserve Bank of Boston.
- Peng, M. W. (2009). *Global Strategic Management*. 2nd ed Cengage: Learning South Western.
- Plessis, J. (2007). "Sources of new product ideas and creativity practices in the UK textile industry", *Journal of Technovation*, Vol. 22 pp.113-21.
- Porter, M. E. (1980). *Competitive Strategy Technique for Analyzing Industries and Competitors*. New York: Free Press.
- Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Porter, M.E. (1990). *The Competitive Advantage of Nations*. New York: Free Press.
- Reeves Rosser (1961). *The Reality of Advertising*.
- Sharp, B. and Dawes, J. (2001). What is differentiation and how does it work? *Journal of Marketing Management*, vol. 17, 739-59.
- Storey, C. T. (1989). "Top management team strategic consensus, demographic homogeneity and firm performance: a report of resounding nonfindings", *Strategic Management Journal*, Vol. 17 No.7, pp.571-6.

- Thompson, A. and Strickland, A. (1989, 1993). *Strategic Management, Concepts and Case*. 7th Edition New York: Richard D Irwin.
- Thompson, J., Bessant, J., and Pavitt, K. (2007). *Managing Innovation: Integrating Technological, Market and Organisational Change*. Wiley: Bognor Regis.
- Tidd, J., Bessant, J., and Paviitt, K. (2001). *Managing Innovation: Integrating Technological Market and Organizational Change*, 2nd Ed, Chichester, John Wiley & Sons.
- Trott, P. (1998). *Innovation Management and New Product Development*. London: Pitman Publishing.
- Tushman, M. L. and Anderson P. (Eds). *Managing Strategic Innovation and Change*. Oxford: Oxford University Press.
- Wafula, C. (2001). *Organizational Innovation and Competitive Advantage among Health Focused Non-Governmental Organization in Nairobi Kenya*. Unpublished MBA project; School of Business: University of Nairobi.
- Waithaka, E. W. (2001). *An Analysis of Funeral Industry Attractiveness: A Case Study on Funeral Service Providers in Nairobi*. Unpublished MBA Project; School of Business University of Nairobi.
- Walker, K.B. (1996). *Revolutionizing Product Development – Quantum Leaps in Speed, Efficiency, and Quality*. New York: The Free Press.
- Whittake, W. (2005). *Funeral Services: The Industry, its Workforce and Labour Standards*. New York: Cornell University ILR School.

APPENDIX I: LETTER OF AUTHORIZATION



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 27/08/2013

TO WHOM IT MAY CONCERN

The bearer of this letter Jacqueline Njeri Kihara


Registration No. A611P1850612005

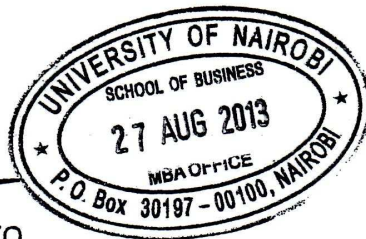
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



APPENDIX II: RESEARCH QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. State your gender

Male ()

Female ()

2. State your age bracket

20 – 30 ()

31 -40 ()

41 – 50 ()

Above 50 years ()

3. Name the funeral home you work for.....

4. Position held in the organization?

5. How old is the funeral home?

1- 10 yrs ()

41 – 50 yrs ()

11- 20 yrs ()

51 – 60yrs ()

21 – 30 yrs ()

Above 61 yrs ()

31 – 40 yrs ()

6. How many employees are there in the funeral home?

7. Is your company?

a) Sole proprietor ()

b) Partnership ()

c) Limited company ()

d) Other (specify) ()

8 Ownership of the company

- a) Locally owned ()
- b) Foreign owned ()
- c) Others (specify) ()

9 How do you get most of your customers?

- a) Word of mouth ()
- b) Advertising ()
- c) Branded company vehicles ()
- d) On site notice / walk in customers ()
- e) PR / reputation of owner ()
- f) Others (specify) _____

10. What services do you offer? (Tick as many as are applicable)

- a) Transport (hearse services) ()
- b) Hire of lowering gear ()
- c) Embalming ()
- d) Accessories (ribbons, perfumes, flowers etc) ()
- e) Counseling services ()
- f) Repatriation of bodies around the world ()
- g) Supply of coffins/ caskets ()
- h) Public address systems ()
- i) church trolley ()
- j) cremation ()
- k) funeral planning ()

SECTION B: INNOVATION STRATEGIES.

1. What form of innovative strategies does your organization employ?

- | | | | |
|-------------------|-----|-----------------|-----|
| Technology | () | Management | () |
| Service | () | Economic factor | () |
| Customer quality | () | New Market | () |
| Efficient process | () | Paradigm shift | () |

2. Do you agree that the mentioned innovation strategy (ies) to be competitive in the environment of operation?

.....

.....

3. Considering the various forms of innovation, what is the importance of each of the innovation to your organization? (Tick)

FORMS OF INNOVATION	VERY IMPORTANT	IMPORTANT	JUST IMPORTANT	NOT IMPORTANT
New technology				
New service				
New customer experience				
New process				
New Market				
New channel				

4. Rate on how funeral homes have used the following generic competitive strategies to gain the innovative advantage?

STRATEGIES	VERY MUCH	MUCH	JUST MUCH	NOT AT ALL
Differentiation				
Cost leadership				
Market focus/ niche strategy				

NB// *Differentiation: striving to create and market unique services for varied customer groups*

Cost leadership: striving for overall low-cost leader in the industry

Market focus: striving to have special appeal to one or more groups of consumer,

Focusing on their cost or differentiation concerns

5. Have other firms in the industry implemented these innovative strategies and how successful have they been?

.....

.....

6. What are the most important key factors in driving your organization towards an innovative strategy advantage?

.....

.....

.....

7. What are some of the most successful innovation strategies in terms of enhancing improved performance in your organization?

.....

.....

.....

8. What are the challenges faced by our organization in the adoption of innovation strategies?

.....
.....
.....
.....

9. What are some of the possible solution to the challenges?

.....
.....
.....

THANK YOU FOR TAKING TIME TO COMPLETE THE QUESTIONNAIRE

APPENDIX III: LIST OF FUNERAL HOMES

1. Aga Khan Hospital - Mortuary
2. Armed Forces - Mortuary
3. Avenue Hospital - Mortuary
4. Chiromo Mortuary
5. City Mortuary
6. Gertrude's Hospital - Mortuary
7. Guru Nanak Hospital - Mortuary
8. Karen Hospital - Mortuary
9. Kenyatta National Hospital - Mortuary
10. Kenyatta University -Mortuary
11. Lee Funeral Home
12. Mama Lucy Hospital- Mortuary
13. Mater Hospital- Mortuary
14. Mathare Hospital- Mortuary
15. Mbagathi District Hospital- Mortuary
16. Montezuma & Monalisa Funeral Home
17. MP Shah Hospital - Mortuary
18. Mutuini – Dagoretti Mortuary
19. Nairobi Hospital - Mortuary
20. Nairobi West Hospital
21. Nairobi Women - Mortuary
22. St. Francis Kasarani- Mortuary
23. St. Mary Funeral
24. Umash Funeral Home