COMPETITIVE STRATEGIES ADOPTED BY SUPERMARKETS IN NAIROBI, KENYA

BY

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DECLARATION

This research project is my original work and has not been submitted to any other university, college or institution for academic purpose.

Signed…………………… Date………………………

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

Signed……………………… Date……………………………

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DEDICATION

I dedicate this work to my husband, Ken and my daughter Kendi for the sacrifice they made for me to complete this work. Their love, care, concern, support, encouragement and enthusiasm inspired me to achieve this goal.

I am as ever indebted to my parents for the love and support throughout my life.

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I take this opportunity to thank God who consistently reassures me that with him, all things are possible.

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ABSTRACT

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers. Porter asserts there are three basic business strategies; differentiation strategy, cost leadership strategy and focus strategy and a firm performs best by choosing one strategy in which to concrete. In Kenya, retail industry has experienced rapid growth hence purpose of the study is to establish competitive strategies used by supermarkets in Nairobi, Kenya. The study was guided by the following objectives: to determine the Competitive Strategies adopted by supermarkets in Nairobi Kenya and to establish the challenges faced by Supermarkets in implementing competitive strategies formulated. The study adopted a descriptive survey design. The population of this study was the 26 supermarkets incensed by the Nairobi City Council 2011. No sampling was done and all supermarkets incensed in the survey. Data collection was done through questionnaire which was administered to the senior managers of the supermarkets. Data was analyzed using Statistical Package for Social Sciences (SPSS). This study used descriptive statistics such as mean scores, percentages and standard deviation. The study established that supermarkets use differentiation strategies such as market and innovation strategies in a bid to remain competitive in the market only to a little extent. It was established that service line, geographical areas and customer group/buyer characteristics inform focus strategies by supermarkets by a large affects performance of the supermarket to a little extent. There were also challenges that were associated with implementation of competitive strategy and respondents cited high cost of capital and inability to meet up with changes in demand variability. Another challenge was creation of transformation strategies to turn vision and mission into reality and changing market and product condition moment by the moment. It was also revealed that it was not easy to come up with long-term strategies due to dynamics of the market and the fact that the cost of implementing some strategies was prohibitive. The study recommends that foremost, supermarkets should combine retail market analysis and to analyze strategic challenges. Secondly, supermarkets should follow best practices such as having a visible and effective communication process spearheaded by an experienced person that ensures that information on strategy implementation is timely communicated across the organization. The study was limited to the cited categories of strategies due to limited time provided. However, there may be other great strategies which can be employed by the organization to keep a competitive edge that have not been covered in this study. The study is also limited to supermarkets in Nairobi Kenya and hence the findings cannot be generalized to entire retail industry. This is due to difference in systems, organizations structures and capabilities. There is therefore need for more study to be done to identify competitive strategies being employed by supermarkets all over the country.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The market place is rapidly changing as a result of major societal forces such as technological advances, globalization and deregulation. Liberalization of economies has opened up markets to new entrants by reducing many constraints on competitive activity. The global nature of competition implies that firms face competition not only from local firms but also from foreign firms all aiming to increase their market share. Liberalization has essentially taken competition to the internal market level (Charles and Gareth, 1998). Coping with the increasingly competitive environment has called on firms to rethink of their marketing strategies (Pearce and Robinson, 2001). The days when firms could simply wait for customers to beat the path to their door are long gone. Organizations have to realize that there services and products, regardless of how good they are, simply don't sell themselves (Welch and Welch, 2005).

Competition is neither a matter of coincidence nor bad lack as observed by Porter (1980). Infact competition is healthy to the development of an industry. In modern economy competition gauge the extent of market liberalization, innovation and progress. The retail sector, (which include the supermarket) has portrayed a tremendous growth which serves as an important indicator to the country's growing economy (Neven and Readon, 2005). Thomson and Strickland (2002) view competitive strategy to consist of all the moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. In supermarkets this moves are especially seen through, product packaging, displays, increased hours of operation, promotion efforts (loyalty cards) and also the accessibility of the supermarket. Those that observe competitive strategy are bound to be better performancers in the industry.

The intensifying competition in the retail industry in Kenya is a great challenge for strategic management. This competition has been driven by quest for better sales turnover and customer satisfaction. For any supermarkets to succeed in competitive environment, it has to be driven by leaders who can inspire the workforce with a vision of being the best in the market. Kilavuka (2007) in her studies concluded that without core competencies, drive and commitment from management and employees sustain success in the business environment is impossible

1.1.1 Concept of Strategy

According to Thompson and Strickland (2002) Strategy is the game plan that management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance. Linn (2007) depicted strategy as the match between an organizations resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. The purpose of strategy is to give directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2001).Johnson and Scholes (2002) define strategy as the direction and scope of an organization over a long term which achieves advantage for the organization through its configuration of resources within a challenging environment with an aim to meet the needs of market and fulfill stakeholders expectations and is often stated explicitly in the organization mission statement.

Mintzberg (1999) states that the essence of strategy formulation is coping with competition. Thomson, Strickland and Gamble (2007) observe that a company strategy is management action plan for running the business and conducting operations. The crafting of strategy represents a management position to pursue a particular set of action in growing the business, attracting and pleasing customers competing successfully, conducting operations and improving the company financial and market performance. Thus a company strategy is all about “how” how management intend to grow the business, how it will build a loyal clientele and out compete rivals, how each functional piece of business will be boosted. Whatever strategy a business chooses it must fit with the company objectives and goals to gain competitive advantage (Ross, 1999). Porter purports companies must be competitive to become an industry leader to be successful both nationally and abroad and these strategies for gaining competitive advantage apply to all industries in most nations. While various types of organisation strategies have been identified, Porter generic strategies are the most supported and widely used in strategic management textbooks (David, 2000: Miller, 1998: Thompson and Strickland, 1998) and in the literature (Kim and Lim,1988; Miller and Dess, 1993).

There are several views on what strategy means. Mintzerberg and Quinn (1991), states that strategy is the primary means in reaching the focal objective. The focal objective is whatever objective is in mind at the moment. Strictly speaking, it is literally meaningless to talk about strategy without an objective in mind. Viewed in this context strategy becomes an integral part of the end and means hierarchy (Thorelli, 1977). Andrewas (1971), strategy is a rational decision making process by which organizations resources are matched with opportunities arising from competitive environment. Aldrich (1971) states that environment has a strong deterministic influence on the strategy making process which fit the organization. On the other hand proponents of the resource based school argue that it is not the environment but the resources of an organization which form the foundation of the firm strategy (Grant 1994).Despite the differences, all these frameworks have one thing in common which is that they all aim at maximizing performance of an organization by improving its position in relation to other organizations operating in the same competitive environment. No wonder Lambert and Knemeger (2004) stated that managers develop strategies to guide how an organization conducts its business and how it will achieve its objective.

The formulation of a sound strategy facilitates number of actions and desired results that would be difficult otherwise. A strategic plan when communicated with all members of an organization, provide employees with clear vision of what the purpose and objectives of the firm are. Phatak (1989) argued that for a firm to remain vibrant and successful in the long run it must make strategic decisions that take into account the impact that external environment has on its operations. The formulation of strategy forces the organization to examine the prospect of change in the foreseeable future and prepare for change rather than wait passively until market forces compel it.

1.1.2 Competitive Strategy

Porter (2007) describes competitive strategy as “the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs” he further explain that “competitive strategy aim to establish a sustainable position against the forces that determine industry competition”, This involves identifying sources of competition in this ever changing environment then developing strategies that match organizational capabilities to the change in environment. According to Porter (1998) “competitive strategy is about being different.” This means deliberately performing activities differently and in a better way than competitors. Ansoff (1998), described competitive strategy as the distinctive approach which the firm uses or intends to use to succeed in her market and adds that the formulation of competitive strategy include the consideration of strength weakness opportunities and threats.

Porter (1985) outlines three approaches to competitive strategy and this are cost leadership, differentiation and focus. Once the three approaches are practiced the company is able to get an above industry performance. Porter continue to elaborate that if a firm doesn’t practice one of the three approaches it will be stuck in the middle since firms face a common environment and competitive advantage is gained by implanting appropriate competitive strategy. Day and Wensley (1988) focused on two categorical sources involved in creating competitive strategy, superior skills and superior resources. Other authors have elaborated on the specific skills and resources that can contribute to a design of competitive strategy. Example is Barnley (1991) stated that not all firms’ resources hold the potential of sustainable competitive advantage, instead, they must possess four attributes: rareness, value, inability to be imitated and inability to be substituted.

A company that has well formulated competitive strategy more often than not is able to enjoy competitive advantage and according to Thomson and Strickland (1993) "A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending competitive forces." Sustainable competitive advantage is born out of core competencies that yield long term benefit to company. Prahalad and Hamel (1990) define core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity.

1.1.3 Retail Industry in Kenya

The retail sector is comprised of establishments engaged in retailing merchandise generally without transformation and rendering services incidental to the sale fo merchandise. Retailing is the final step in the distribution of goods to the customers. Retail industry in Kenya is made up of grocery stores, kiosk, shops and supermarkets. In this industry, supermarkets are the large stores. Kiosk and shops have limited assortments, customers cannot pick up items to look at them at their own leisure and they have to scramble for the attention of the shop attendant behind the counter. These leave customers unsatisfied creating a pent up demand for better alternatives. These better alternatives are provided by supermarkets since they have all under one roof provision for customers that in the past involved a whole day of errands.

The retail sector in Kenya is dominated by a few large supermarkets and many small scale retailers. Traditionally, supermarkets were viewed as of developed world and middle income countries. However, urbanization and increasing incomes in the developing world, including Sub-saharan Africa have inevitably invited supermarkets into the regions. Supermarkets have been spreading rapidly in the East and Southern African region since the early 1990s (Munyoki, 1997). Supermarkets are referred to as small and medium enterprises (SMEs) and there is need to have strategies to run them.

Nakumatt, Uchumi, Ukwala, Naivas and Tuskys are the country's biggest supermarkets in terms of branch network and shopping traffic. They have in the past few years expanded generously in a tight race for shoppers that have wound up in areas initially demoniated by traditional channel-like shops and smalls supermarkets in small towns. In Nairobi the war for market share has taken mainstream supermarkets from the usual commercial areas to residential places, where they are squaring off with newer and smaller entrants like Chandarana, East Matt, Stage Matt. With Kenya being the more affluent market in East Africa, its retail sector is more developed, but nearby hitting the slow lane, and the big players are looking beyond borders exporting their wars to the neighbouring countries.

1.1.4 Supermarkets in Nairobi Kenya

A supermarket by definition is a departmentalized self-service store offering a wide variety of food and household merchandise organized into aisles. It is larger in size and has a wider selection than a grocery store, kiosk or shop and this helps to appeal customers since they can get all they want under one roof. Other advantages include ease of parking and convenience since clients can shop till late hours in the evening. They are mostly situated near matatu stages, near residential areas or in places with large population. Most supermarkets in Nairobi are similar in design and layout to trends in marketing. Some of the supermarkets operate as a chain (Tuskys, Naivas, Nakumatt, Uchumi and Ukwala) and have a direct link to supplier, producers and distributors.

There are 26 supermarkets operating in Nairobi according to Nairobi City Council Department of Licensing (2011). The first supermarket in Kenya was Westlands General Store (1960), Abrahams Self Service Store (1970) and Uchumi Supermarket (1975) all in Nairobi before they later spread to other towns in Kenya. According to Neven and Readon (2005), it was found that between 1990-2003, supermarkets grew by 18% Per Year. They also found out that supermarkets spread out from capital cities to intermediate and then to smaller towns. They explained the rapid growth to be emerging from increase in population in the urban areas, trade and domestic liberalization that include liberalization and stabilizing policies, import licensing removal and price liberalization.

In an article entitled “The growth of supermarkets”, Kamau (2008) attributes this to factors such as urbanization, liberation, the growing middle class and a changing lifestyle among other factors. At present Supermarkets operate in very competitive environment. The nature and intensity of this competition is dependent on the number of supermarkets existing in a certain area, availability of goods in that particular supermarket, population in that given area, demographic attributes, supplier channels and promotional activities available.

1.2 Research Problem

Given the current uncertainty and surprising environment turbulence in the global context, there is need to institutionalize flexibility in dynamism in planning and implementation of projects. No longer can any enterprise depend on historical trend without critically observing, analyzing, evaluating “surprising events and issues” which affect the known trend be it external or internal (David, 2003). Aosa (1992) states that strategy is creating a fit between the external environment and internal conditions of an organization to solve a strategic problem. The matching is achieved through drop of organization care capabilities that are correlated to its external environment. Competitive strategy consist of all moves and approaches that a firm has and is taking to attack buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2002).

Porter (1980) defined competitive strategy in terms of three generic strategies which include cost leadership, differentiation and focus strategy. Cost leadership, a firm aim to achieve overall lower cost than its competitive without reducing the products comparable quality. “This strategy requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, right cost and overhead control, avoidance of marginal customer account and cost minimization in areas such as research and development, service sales force and advertisement” (Porter, 1980, p.15). The growth of the economy has come with rise in competition. Supermarkets are quickly diffusing into small towns and secondary cities to target poorer communities in Kenya. The pattern of expansion in Kenya is similar to that of South Africa (Njenga, 2006).This is due to change in environment and growth factors (Fubara, 1988; Porter 1991; Strage, 1992; Kotler and Burnes, 1998; Neven and Readson, 2005). Competition becomes inevitable and even more intense where scarce resources have to be shared within an industry (Neven, 1966). In such a situation, various measures are considered by firms to achieve competitive advantage amidst the existing competition and rivalry (Porter 1980).

The current exponential growth of supermarkets sector has resulted in cutthroat competition. Their presence is vivid with some operating on the same street and with their doors facing that of the rival. It is interesting to know “how” they manage to open the doors each day and stay in business. The how denotes competitive strategy that we seek to highlight in this research. Various authors have explained how firms are able to gain competitive advantage by using the competitive strategies in the face of competition (Ansoff and McDonnel, 1990; Porter, 1980; Johnson and Scholes, 1999).

There are many studies that have been done in this area. For instance, Wanjira (2005) carried out a study on factors affecting competitive strategies in Kenya Hospitality Industry. A study by Sharon (2005) studied the competitive strategies employed by SMEs in Nairobi Business Stalls. Mwalimu (2008) did a survey of competitive strategies employed by shiping companies in Kenya. Bore (2007) studied response strategies of supermarkets in Nairobi CBD to competition. Lagat (2010) did a study on the state of marketing intelligence activities in Kenya’s retailing sector “The case of supermarkets in Nairobi” Kenya. It is evident from this studies that firms in each respective industry adopt different competitive strategies which are unique in each market. Although research has been done on supermakets in Kenya none has focused on competitive strategies adopted by supermarkets in Nairobi. This study therefore sought to establish the challenges they face as they pursue their identified strategies and the competitive strategies adopted by supermarkets in Nairobi. It was guided by the following questions:-

i. What are the competitive strategies adopted by supermarkets in Nairobi Kenya?
ii. What challenges do these supermarkets experience in implementing formulated strategies?

1.3 Research Objectives

The objectives of the study were to;

i. Determine the Competitive Strategies adopted by supermarkets in Nairobi Kenya.
ii. Determine the challenges faced by Supermarkets in implementing Competitive strategies formulated.

1.4 Value of Study

The study is expected to benefit the management of the supermarkets as they can use the findings as a management reference point for strategic planning both present and future that will ensure the companies competitiveness in the market place. These are times of rapid change. Will Rogders said, “Even if you are on the right track, you will get run over if you just sit there.” No supermarket can remain static for long and yet survive. Neither can an organization survive for long with knee jerk responses to change. Findings for this study will therefore benefit management of these supermarkets to engage in decision making process that will enable them counter competition and remain in business for the long term.

Findings will be of use to the academic community through the addition of knowledge which can guide training, policy and further research. This study will fill a gap in knowledge that will give students, faculty and the general academic fraternity added knowledge in the field of strategic management. The findings are also vital to the government and its policy and regulatory framework. The government will be in a position to put in place effective policies and regulations to help the retail sector in dealing with the challenges they encounter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides theoretical framework upon which the study is based. Theoretical foundations of the study and competitive advantage have been discussed. The chapter also explores porter generic strategy and the challenges encountered in implementing competitive advantage strategy.

2.2 Theoretical Foundations of the study

Porter (2007) describes competitive strategy as the search for a favorable competitive position in an industry and the fundamental arena in which competition occurs and he also explains that competitive strategy aim is to establish a profitable and sustainable position against the forces that determine industry competition. These involve identifying sources of competition in the ever changing environment then developing strategies that match organizational resources and capabilities. Barney (1991) emphasized porter words by saying that to develop a competitive advantage the firm must have resources and capabilities that are superior to those of competitors because without superiority, the competitors simply could replicate what the firm is doing and any advantage will disappear.

The resource based view of the firm provides a conceptually grounded framework for assessing strengths and weaknesses and enables strengths or weakness to be examined in terms of criteria for establishing sustainable competitive advantage. Resources are inputs into a firm's production process, such as capital, equipment, skills of individual employees, patents, finance and talented managers. Resources are either tangible or intangible in nature. Individual resources may not yield to competitive advantage. It is through synergistic combination and integration of sets of resources that competitive advantage is formed. Barney (1991) states that the following are the key characteristic of a resource to be strategically important: Valuable; for there is no point having a resource if it does not deliver value to the firm. Rare because resources that are owned by a large number of firms cannot offer competitive advantage as they cannot deliver a unique strategy. Inimitable reason being that resources can only be a source of sustained competitive advantage if firms that do not possess these resources cannot obtain them. Lastly they must be non-substitutable this means that other organizations cannot make a look alike of the resource.

According to Sadler (1993) the resource based view of strategy emphasizes that a firm utilizes its resources and capabilities to create competitive advantage that ultimately results in superior value creation. Capabilities refer to the firm's ability to utilize its resources effectively. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate (porter 1990).The firm's resources and capabilities together form distinctive competences. These competences enable innovation, efficiency, quality and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage (Scholes and Johnsone, 1999).

According to Chaharbaghi and Lynch (1999) the existing resources of a firm may not be adequate to facilitate the future market requirements, due to the volatility of the contemporary markets. There is vital need therefore to modify and develop resources in order to encounter the future market competition. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resources management and resource development.

2.3 Competitive Strategy

Competition is a key feature in any vibrant economy. Competition is critical to success or failure of the firm. It determines the appropriateness of firm activities that can contribute to its performance such as innovation, cohesive culture or good implementation. Competitive strategy is thus the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Competitive strategy involves position of a business to maximize the value of capabilities that distinguish it from competitors. Competitive strategy aims at establishing a profitable and sustainable position against the forces that determine industry competition (Porter 1998).Customers want services quicker, cheaper and they want them their way. Aaker (1992) asserts that given the current focus in business there is need to understand the competitor strength in the market and the position one's own offering to take advantage of the competitor weakness and avoid head on clashes against strengths. "Competitive strategy should lead to competitive dominance" Tang and Bauer (1995). Tang and Bauer continue to explain that competitive strategy is about sustained leadership and levels of undisputed excellence.

Hitt et al. (1997) held that a winning competitive strategy is always founded on consistently understanding and predicting changing market conditions and customer needs. The goal of much of business strategy is to achieve a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as a competitor but at a lower cost (cost advantage), or deliver benefits that exceed those of the competitors (differentiation advantage). There is variety of competitive strategies that organizations can adopt; cost leadership, differentiation and focus strategy (porter, 1980).Porter named them generic since they are not industry or firm specific that is, they can be applied to a firm in any industry.

Thompson and Strickland (2002) laid emphasis on this by saying that, "there are as many competitive strategies as there are competitors." However, beneath the subtitles and superficial differences, there are impressive similarities between different competitive strategies when one considers a company's market target and type of competitive advantage the company is trying to achieve Porters generic strategies. The cores of company's competitive strategy consist of its internal initiatives to deliver superior value to customers. But it also includes defensive and offensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firms' long-term competitive capabilities and market position and tactical efforts to respond to whatever market conditions that prevail at the moment (Thompson and Strickland 2003).

2.3.1 Differentiation Strategy

Davidow and Utal, (1989) defined differentiation strategy as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique. According to Ogbonna and Harris (2003), differentiation reduces competitiveness and the fight for scarce resources, thereby improving performance; but on the other hand, conformity makes organizations similar and, therefore competitiveness becomes stronger. Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers. Differentiation strategy are marketing techniques used by firms to establish strong indent in a specific market; also called segmentation strategy.

Using differentiation a firm will introduce different varieties of the same product under the same name into a particular product category and thus cover the range of products in that category. Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With this differentiation features firms provide additional values to customers which reward them with a premium price.

Differentiation strategy aims to build up competitive advantage by offering products which are characterized by valuable features, such as quality, innovation and customer service. A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive them to be better than or different from the products of competitors. As Baum and Oliver (1992) noted that to maintain this strategy the firm should have strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels, stress continuous improvement and innovation, attract highly creative people and strong marketing skills.

Differentiation strategy calls for development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competitor. Svatopluk and Ljuba (2006) argue that strategies based on differentiation seek to establish fundamental difference in a variety of dimensions that buyers perceive a marked contrast between product and services of firm and its rivals. They further add that firms that successfully differentiate themselves are rewarded for their uniqueness with a premium price. The uniqueness should also translate to profit margins that are higher than those of competitors. This is because customers who buy differentiated products are willing to pay more for the product. Differentiated products mainly appeal to the knowledgeable customers.

Successful differentiation is based on the study of buyers need and behaviour in order to learn what they consider important and valuable. A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes and engineering design and performance are examples of approaches to differentiation (Porter, 1980).

2.3.2 Cost Leadership Strategy

Cost leadership strategy is a strategy that entails striving to be the overall low cost provider of a product or service that appeal to a broad range of customers. For an effective cost leadership, a firm must have a large market share (Hyatt, 2001). A firm strives to have the lowest cost in the industry and offers its products and services to a broad market at the lowest prices. A cost leader basis for competitive advantage is lower overall costs than competitors. Successful leaders are exceptionally good at finding ways to drive cost out of their business. Cost leadership strategy focuses on gaining competitive advantage by having the lowest cost and cost structure. In the industry (porter, 1980) in order to achieve a low cost advantage an organisation must have a low cost leadership mind-set. Low cost manufacturing with rapid distribution and replenishment and a workforce committed to the low cost strategy. The organisation must be willing to discontinue any activities in which they don't have a cost advantage and may outsource activities to other organisation that have a cost advantage (Malburg, 2000).

The firm sells its products at either average industry price to earn a profit higher than that of rivals or price lower than the average industry price to gain market share. Ways to achieve cost leadership are mass production, mass distribution, economies of scale, technology, product design, capacity utilization of resources and raw materials. Cost leaders work to have the lowest product or service unit cost and can withstand competition with their lower cost structure. Miller (1992) adds that when a firm can achieve and sustain cost leadership then it will be an above industry performer. Wagner et al (1997) further says that cost leaders take a number of cost saving actions including building efficient scale facilities, tightly controlling overhead and production cost.

Contrary to the previous thought that firms lost revenue to attain cost leadership, Porter (1987) indicated that firms do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share. By lower prices higher demand is created and, therefore a larger market share is attained (Helms et al.,2001).As a low cost leader, an organisation can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001).

2.3.3 Focus or Niche Strategy

As` Porter (1996) noted, in focus strategy, a firm targets a specific segment of the market. Martin (1999) high-lightened that a firm can choose to focus on a certain customer group, product range, geographical area, service line. Focus strategy entails directing resources on a select few niche target market. By focusing the marketing mix on the narrowly defined market the business can position itself to increase brand loyalty and customer satisfaction thus shielding itself from the perils of the minimum price maintenance agreement and effects of the impact of potentially increasing costs. This supports the long tail theory (Anderson, 2006) which proposes that increased profitability can be realised by serving small but demanding customer base willing to pay a premium price for it unique product desires. Obasi et al (2006) argues that focus is also based on adopting a narrow competitive scope within an industry that large firms overlook.

Focus aim at growing the market share through operating in narrow markets or niche markets that are overlooked by the larger competitors. These niches arise from number of factors including geography, buyer characteristics, and product specifications. New entrants in the market may use penetration pricing which involve setting the price low in order to attract customers and gain market share. The price will be raised later once the market share is gained. A successful focus strategy depends upon an industry segment large enough to have good growth potential but small enough not to be vital to other major competitors. This strategy is not a separate strategy per se, bit describes the scope over which a company should compete based on cost or differentiation.

Midsize and large firms use focus based strategies but only in conjunction with differentiation or cost leadership generic strategies coupled with promotion strategies. The practise of promoting products “on sale” can accomplish both short term and long-term objectives (Fraccastoro et al., 1993). Short run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. Long run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty and thus attainment of desired market share.

2.5 Competitive Advantage

There are many routes to competitive advantage, but the most basic is to provide buyers with what they perceive to be of superior value at a lower price, a superior service that is worth paying more for or a best value offering that represents an attractive combination of price, features, quality, service and other attributes that buyers find attractive. (Thompson and Strickland, 2003). Competitive advantage is attained when a company moves into a position where it has an edge in coping with competitive forces and attracting customers, (Porter 1980). Competitive edge is said to include increased quality of a service or product in the market, offering of superior customer service in comparison to the competitors, having a product that does the best job in performing a particular function and offering the most value for money in terms of a combination of good quality, good service and acceptable price. In today's intensely competitive global economy, speed or rapid response to customer request or market and technological change is currently considered a major source of competitive advantage for numerous firm; supermarkets included (Pearce and Robison, 1991). When an organisation management is able to view the environment as dynamic and therefore implement the needed changes then they are able to rapidly grow.

With reference to Wickham (2006), competitive advantage can be put into the following five categories: product advantage, knowledge advantage, cost advantage, relationship advantage and structural advantage. An enterprise will gain product advantage if it is able to create a superior product value higher than competitors (Wickham 2006). For those in the service sector this is considered service advantage. An enterprise will gain cost advantage if its cumulative cost is lower than competitors (Porter 1985). An enterprise will gain knowledge advantage if it is more knowledgably than the competitors (Kay 1993; Wickham 2006).There are three types of knowledge that support a company to gain advantage over competitors: product knowledge, market knowledge and technical knowledge. In addition a company will gain competitive advantage if it has patents or other intellectual property which prevent competitors from replicating.

Company that rapidly adopt their products or services in a way that benefits their customers or create new customers tend to enjoy a major competitive advantage over their rivals that are unable to do so. Firms compete for markets and resources and their competitive position is reflected in either market shares or in the creation and accumulation rate of comparative advantages, like innovative products, processes, etc. An enterprise competitiveness depends both on its performance and the direct entrepreneurial environment in which it operates and acts. The entrepreneurial competencies exhibited may make the much needed thrust for competitive advantage (Morris et al. 2008). To develop and sustain competitive advantage, enterprises must understand the resources of such advantages and utilize them efficiently.

2.6 Challenges in Implementing Competitive Strategies

The implementation of strategies may be hindered by competitive challenges which reduce the effective utilization of strategies developed. Lamb and Boyden (1984) identified three competitive challenges that may hinder an organisations ability to take advantage of new opportunities. The challenges are financial requirements, government and industry imposed regulatory issues, and the ability of the firm owners and managers. Challenges faced by firms when implanting strategies include availability of financial resources, staff skills, marketing abilities, changing customer needs, changing external environment, government regulation and the ability to coordinate all the firms activities in pursuit of the agreed strategy (Porter 1998;Ansoff and McDonnell,1990).They also point out that the real challenge in implementation of a generic strategy is in recognising all the supportive activities and putting them in a place properly. The major challenge with cost leadership is the ability of the competitor to produce the similar product at a lower cost. The success of competitors in realizing this would put the cost leader at par with competitors rendering the strategy unsustainable. The ability of competitors to imitate a firm’s production process and product also renders the strategy unsustainable.

The major challenge with differentiation strategy is the firm’s ability to maintain the perceived uniqueness. Competitors may imitate and copy the product thus eroding its uniqueness held by the firm. Another risk lies with the cost differential between low cost competitors and the differentiated firm. When the difference in cost is large, it may be difficult to hold brand loyalty of buyers who may perceive cost savings as a motivator to switch loyalty to the low cost competitor. A major challenge with the focus niche is that it can easily be eroded by technological changes and changes in customer tastes. Once focused to one niche it is not easy to move to the other niches.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

These chapter sets out the research methodology that will be adopted to meet the objectives of the study that include research design, population, data collection and data analysis will be discussed.

3.2 Research Design

Descriptive research design was used and this includes facts finding inquiries of different kinds the purpose being to describe state of affairs as it exists at present (Kothari, 2003). Cooper and Schindler (2001) argue that a survey is most appropriate when conducting comparative research and is used to determine relationship between two or more variables under study. According to Churchill (1991) this design was appropriate since the study sought to describe the characteristics and make predictions.

3.3 Population of Study

The target population of this study was twenty six Supermarkets in Nairobi Kenya which are licensed by the Nairobi City Council Licensing Department 2011.See Appendix II. The researcher did a census.

3.4 Data Collection

The researcher used primary data which was collected using structured questionnaire (see appendix 1). The questionnaire was divided into three sections. First section was aimed to capture information on the organization profile whereas second was aimed to gather data about competitive strategies applied by supermarkets in Nairobi based on Porter's generic strategies, the third section captured challenges experienced by supermarkets in implementing the laid down strategies. The questionnaire was both open ended and close questions. Open ended questions were used to enable respondents to express themselves and give more information to the researcher.

Each respondent was asked to respond to the same set of questions. The questionnaire was divided into three sections and it was administered through drop and pick later method to the manager in charge, who could be marketing manager, finance manager, Information Technology manager. Zikmund (2003) primary data refers to data gathered and assembled specifically for the research project at hand. Likert-type scaling measures were used to examine the constructs for each of the participating firms.

3.5 Data Analysis

The data was both qualitative and quantitative. Data collected will be analysed using descriptive statistics that include proportions, mean scores, frequencies and standard deviation. Descriptive statistics enable the researcher to summarize and organize data in an effective and meaningful way. They provide tools for describing collections of statistical observation and reducing information to an understandable form. Proportion was used to determine the popularity in terms of strategies used by the targeted organization and the challenges. Frequencies aided in analyzing demographic information of size, type and number of employees.

The data analysis entailed data editing, coding, classifying and tabulation. During data editing the collected raw data was examined for errors and omissions to ensure accuracy and correctness. Data coding assigned symbols to answers classified. According to Mugenda (1999) descriptive statistics enabled meaningful description of distribution of scores or measurements using indices of statistics.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discussion based on the data collected analysed. The purpose of this is to establish competitive strategies adopted by supermarkets in Nairobi Kenya. The research findings were presented in form of tables, graphs and charts. Tabulation helped to summarize the data, whereas graphs and charts were used to present the study results.

The findings are based on the responses from the questionnaires filled and information gathered on the research questions. Twenty six questionnaires were administered to the respondents and all of them responded making the response rate be 100%.

4.2 General Information

The general information is organized in the following areas: Highest level of education, Age of respondents, years of operation of the supermarket, Number of employees in the supermarket, number of branches of the supermarket.

Table 4.1: Respondents' Level of Education

Educational Level	Frequency	Percentage
Secondary school	0	0
College Diploma	8	31
University 1st Degree	10	38
Postgraduate Degree	8	31
Total	26	100

Findings presented in table 4.1 indicate that no respondent had secondary level of education. Eight (31%) of the respondents had college diplomas, Ten (38%) had university first degree while Eight (31%) had postgraduate degrees. These distributions of respondents in relation to level of education show that they are competent enough to respond to the questions.

These sections of the study sought to establish the age of the respondents (managers). Findings are presented in table 4.2.

Table 4.2: Age of Respondents

	Frequency	Percentage
Below 25 years	6	23
25 – 35 years	14	54
36 – 45 years	4	15
Above 45 years	2	8
Total	26	100

From the above findings it was established that most of the managers were between 25-35 (54%) and above 40 years present the least number of managers at (8%).This shows that most supermarkets look for the young and energetic to make their management team.

The study sought to establish the number of years supermarkets had operated .The findings were presented in table 4.3.

Table 4.3: Years of Operation of the Supermarkets

Number of Year	Frequency	Percentage
Below 10 years	4	15
10 – 15 years	7	27
16 – 20 years	8	31
Above 21 years	7	27
Total	26	100

Findings presented in table 4.2 indicate that 4 (15%) of the supermarkets had been operating for less than 10 years while 7 (27%) indicated to have been in operation for between 10 to 15 years. Eight (31%) had been in business for between 16-20 years while seven (27%) had been in business foe above twenty years. This is an indication that most of these supermarkets had been in business for long to have an understanding of competitive strategies.

The study sought to find out the branch network of the supermarkets. This was with a view to find out the need to have strategy implementation. Results are presented in table 4.4.

Table 4.4: Number of Branches of the Supermarkets

Number of Branches	Frequency	Percentage
Below 5	13	50
6 - 10	4	15
11 - 15	4	15
16 and above	5	20
Total	26	100

Results presented in figure 4.4 and table 4.4 indicate that 13 (50%) of the supermarkets had below 5 branches while those with between 6-10 branches and those with between 11-15 branches were 4 (15%) a piece. Those supermarkets with over 16 branches were 5 (20%) and were the dominant in Nairobi Kenya.

The study sought to find out the number of employees the supermarket had. The number of employees indicates the importance of strategy implementation and to give direction especially where the number of employees is large. Results of the findings are presented below in table 4.5.

Table 4.5: Number of Employees in the Supermarkets

Number of Employees	Frequency	Percentage
Below 100	9	35
101 - 150	7	27
151 - 200	4	15
201 and above	6	23
Total	26	100

Results presented in table 4.5 indicate that 9 (35%) of the supermarkets had below 100 employees while those with between 101 and 150 employees were 7 (27%).Those supermarkets with between 151 and 200 employees were 4 (15%) and those with over 200 employees were 6 (23%).The findings show a strong correlation between the number of branches and the number of employees.

4.3 Differentiation Strategies

The researcher requested the respondent to indicate the extent to that their supermarkets used differentiation strategy in a bid to remain competitive in the market. The results obtained are presented in the table 4.6.

Table 4.6: Differentiation Strategy

	Frequency	Percentage
Very great extent	2	8
Great extent	5	19
Little extent	15	58
Not at all	4	15
Total	26	100

From the above findings shown in table 4.6 (8%) of the supermarkets show they use differentiation strategy to a very great extent, 5 (19%) of the supermarkets show they use differentiation strategy to a great extent, 15 (58%) of the supermarkets show they use the differentiation strategy to little extent and 4 (15%) show they do not use the differentiation strategy at all.

The respondents were further requested to indicate the level of application of the differentiation strategies tabled below in their supermarkets. The results were shown in the table 4.7.

Table 4.7: Level of Application of the Differentiation Strategies

	Mean	Standard Deviation
Product	3.7714	.66314
Price	3.8714	.94672
Innovation	4.3000	.66703
Market	4.3286	.77500

From the findings in table 4.7 it shows that market has the highest mean of 4.3 and hence the most used differentiation strategy, innovation follows closely with a mean of 4.3 then price with a mean of 3.87.Product is the least differentiation with a mean of 3.77.

4.4 Focus Strategy

The researcher also requested the respondents to indicate the extent to which there supermarkets use focus strategy. The results are shown in table 4.8.

Table 4.8: Focus Strategy

	Frequency	Percentage
Very great extent	6	24
Great extent	16	61
Little extent	4	15
Not at all	0	0
Total	26	100

The researcher requested the respondents to indicate the extent to which various factors inform focus strategies in the supermarkets. The results are shown in table 4.9.

Table 4.9: Factors of Focus Strategy/Niche Strategy

	Mean	Standard Deviation
Customer group/buyer characteristics	4.0714	.62139
Product range	4.1857	.66579
Geographical area	4.1429	.85611
Service line	4.1714	.88418

From the findings of table 4.9 the supermarkets used product range as a focus strategy to the greatest extent 4.1857 while the others they were assessed on following closely; service line 4,1714,geographical area 4.1429 and the least used is buyer characteristics with 4.0714.

4. 5 Cost Leadership Strategy

The respondents were further requested to indicate the extent that adoption of cost leadership as a competitive strategy affects the performance of supermarkets. The results were shown below in Table 4.10.

Table 4.10: Cost Leadership Strategy

	Frequency	Percentage
Very great extent	5	19
Great extent	2	8
Little extent	14	55
Not at all	2	8
Total	26	100

From the findings of table 4.10 most respondents 14 (55%) indicated that they used cost leadership to a little extent, 5 (19%) said they used this strategy to a great extent. Those who said they don't use the strategy at all and those who said they used it moderately tired with a n average of 2 (8%) each. Clearly majority of respondents said that adoption of cost leadership as a competitive strategy affects the performance of the supermarkets to a little extent.

The respondents were asked to indicate the extent that they used the stated options of cost leadership strategy in the response to changes in the market. The results were as shown in table 4.11.

Table 4.11: Options of Cost Leadership

	Mean	Standard Deviation
Keeping charges lower than competition	3.3286	1.01755
Keeping charges same as competition	3.7571	.96962
Keeping overheads lower than others	3.7000	1.30050
Use knowledge from past experience	4.3571	.59064
New service features in response to demand	4.3286	.65323
Keeping overheads same as industry	3.8857	.84344
Staff reduction	3.5000	1.07339

As presented in table 4.11, the respondents indicated with a mean of 4.3571 that they use knowledge from past experience in the response to the changes in the market to a great extent. They also indicated with a mean of 4.3286 that they use new service features in response to demand strategy in response to changes in the market to a great extent. In addition, the respondents indicated with a mean of 3.8857 that they keep overheads same as industry in repose to changes in the market to a moderate extent. The respondents also indicate with a mean of 3.7571 that they charge same as completion in response it the changing market to a moderate extent.

4.6 Challenges Faced By the Company in Implementing the Formulated Competitive Strategies

The respondents cited various challenges that the company faced in implementing competitive strategies. There was a less motivated force and a mismatch of competence/skills of the job. High cost of capital, in ability to meet up with changes in demand variability and service improvement. The respondents said it was not easy to come up with a long-term strategy due to the dynamics of the market, the cost of implementing some strategies may be prohibitive. It was also hard to analyse markets the competitors had a lot of confidentiality which made it even harder to decide on the right competitive move. Porter (2007) describes competitive strategy as “the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs” he further explain that “competitive strategy aim to establish a sustainable position against the forces that determine industry competition”, This involves identifying sources of competition in this ever changing environment then developing strategies that match organizational capabilities to the change in environment. According to Porter (1998) “competitive strategy is about being different.”

Rapid change of customer taste and preferences, some supermarkets have bakery and so to those who want have they might face less inflow of customers as customers want to do all there shopping and even have something to eat the same time. For some supermarkets this is not possible due to lack of space and also capital needed to equip the bakery.

4.7 Discussion

4.7.1 Comparison with Theory

According to Porter (2007) describes competitive strategy as “the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs” he further explain that “competitive strategy aim to establish a sustainable position against the forces that determine industry competition”, This involves identifying sources of competition in this ever changing environment then developing strategies that match organizational capabilities to the change in environment. The management of some of the supermarkets in the study understands this strategy as they have implemented the strategy by opening their supermarkets 24hours and locating them near bus-stops.

Barney (1991) states that the following are the key characteristic of a resource to be strategically important: Valuable; for there is no point having a resource if it does not deliver value to the firm. Rare because resources that are owned by a large number of firms cannot offer competitive advantage as they cannot deliver a unique strategy. Inimitable reason being that resources can only be a source of sustained competitive advantage if firms that do not possess these resources cannot obtain them. Lastly they must be non-substitutable this means that other organizations cannot make a look alike of the resource. In this reference, most supermarkets in Nairobi have adopted a system where they brand their own products. These branded products remain unique to that particular retail shop and a customer will specifically go to buy that branded product that he or she deems to provide best value for her/his money. Examples of these branded products are; sugar, washing soap and rice.

According to Chaharbaghi and Lynch (1999) the existing resources of a firm may not be adequate to facilitate the future market requirements, due to the volatility of the contemporary markets. There is vital need therefore to modify and develop resources in order to encounter the future market competition. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resources management and resource development. A concept that most of supermarkets in Nairobi have adopted, they have introduced loyalty cards that ensures frequency in purchase and enhance customer loyalty hence increase sales. They have also introduced computerized systems that enable swiping of Visa cards for the buyer to easily do shopping without having to carry cash.

4.7.2 Comparison with Other Empirical Studies

It has been demonstrated that supermarket is not just a retail shop a one-stop shop with all under one roof strategy. This is easily seen in recent supermarkets which have embraced cooking and have space for people to stop and eat. This gives the customer more convenience as they are able to do their shopping at one go, contrary to traditional kiosk which involves a whole day of errands before you are through with your shopping. The argument here is that, the supermarket provides a speedy and reliable way to do one’s shopping.

Njenga (2006) argued that the growth of the economy has come with rise in competition. Supermarkets are quickly diffusing into small towns and secondary cities to target poorer communities in Kenya. The pattern of expansion in Kenya is similar to that of South Africa. This brings more advantage since customers don’t need to go too far to get services of these retail outlets. Some of supermarkets infact transport goods to customer homes hence creating more sales as the customer is not worried of who and how to carry the shopping. Such advantages as Michael Porter and others have documented is fundamental to the economic growth of the country.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusion and recommendations for practice and other further research on the problem. This study aimed at establishing the competitive strategies adopted by supermarkets Nairobi Kenya and the challenges they face.

5.2 Summary of Findings

The main purpose of the study was to determine the competitive strategies adopted by supermarkets and the challenges they face in implementing the competitive strategies. The following is the summary of findings.

The study established that supermarkets use differentiation strategies such as market and innovation strategies in a bid to remain competitive in the market only to a little extent. It was established that service line, geographical area and customer group/buyer characteristics inform focus strategies by supermarket by a large extent. The study further deduced that adoption of cost leadership as a competitive strategy affects performance of the supermarket to a little extent. Study also revealed that customer demand, product attributes and market and economic trends affect the supermarkets while finding a products optimum price to a great extent. This finding is consistent with Cantor and Macdonald (2009) assertion that no matter how successfully developed a product may be, it is worthless except when it benefits are made clear and appreciated by the target customers.

Price cuts rarely attract customers. The image of the business is one of the main elements in customer satisfaction and high stock turnover which translate to high profits for customers hence help in building a competitive advantage. The research underscored the same thought as some supermarkets charged high prices on household items as compared to other supermarkets and yet it attracted more customers. People identify themselves with successful entities. The responses have shown that supermarkets have used location of their premises as a great competitive strategy. The supermarkets put more emphasis on the location since most of their customers do not want to walk for long to the bus terminal. The current location of supermarkets is not likely to change soon but they are supposed to put in place strategies that would encounter distance issue. This was evidenced when the supermarkets near the bus stage received large numbers of customers irrespective of their high prices they charge.

The observation and subsequent determination of the impact of strategies on competitive edge was reached after systematic analysis which was afforded by descriptive analysis, averages and observation and were represented by graphs, charts and tables. The quality of the products and customer care should match the information communicated to them. It is worth noting that people's loyalty is captured if only the right information is communicated to the intended recipients. Other important factors which underscore the aforesaid strategies are prices, social status, level of customer service and professionalism among others. Therefore in strengthening the strategies, care must be taken in ensuring that the right proportion is being employed so that the enterprise could make profit enough for its shareholders. It was established that supermarkets use branding. Further, the study established that supermarkets consider speed, product packaging and after sale services to be of great importance in the changing environment. This finding is consistent with Kamau (2009) that markers have since long tried to stimulate demand using various promotional tools like cash discounts, volume discounts and freebies.

Various challenges associated with strategy implementation were discussed and respondents cited high cost of capital and inability to meet up with changes in demand variability. Another challenge was creation of transformation strategies to turn vision and mission into reality and changing market and product condition moment by the moment. It was also revealed that it was not easy to come up with long-term strategies due to dynamics of the market and the fact that the cost of implementing some strategies was prohibitive. It was also difficult to analyze markets and meet customer requirements; competitor had a lot of confidentiality which made it difficult to decide on the right competitive strategy.

5.3 Conclusion

Based on the findings of the study focus strategy is the most effective strategy to use. The focus strategy can be on geographical location, availability of enough parking space and also focusing on the display of the supermarket. The factors underlying the buying behaviour need be improved. The majority who shop at supermarkets normally are middle class and upper class people. To improve the customer base, the supermarkets need to position themselves strategically, in terms of location and space. However, with the existing laws regarding town planning, supermarkets which are situated far away from the bus stage should embrace other styles, like transporting bulky items on behalf of customers to the bus stage by using trolleys and carts.

Promotion could influence the creation of the image of a company or its products, defining the characteristics of existing products and new products that will be introduced in the market. While considering products which are in declining phase, promotion makes efforts to preserve their popularity. Basically, promotion is necessary for those products for which consumers must be informed with the advantages which they possess, in comparison with other competitive products for which consumers were not informed.

Companies consider many factors in developing their promotional programs, where the most important are the type of product, the target market, the buyer's decision process, the product life cycle stage and the distribution channels (Belch and Belch, 2003). However promotional activities do not work in isolation. The study also conformed to Brennan's (1991) survey of retailers in small towns in Minnesota regarding the actions they had taken to compete with discounters (low prices) and the success of those actions where Providing specialized services, Offering better quality products and Improved customer service were most successful strategies. On the other hand, increasing sales and promotions, Lowering prices and Increasing advertising were least successful.

5.4 Recommendations

The study was aimed at establishing competitive strategies adopted by the supermarkets in Nairobi and the challenges they encounter thereof. One of the biggest challenges was drastic market changes that make supermarkets to keep on changing their strategies. For policy, the study recommends that the government through its finance docket should check on inflation, depreciating shilling and interest rates. This will make the strategies that supermarket managers come up with be long term and hence reduce the cost of implementation.

The study established that supermarkets have competitive strategies. However, there were weaknesses in the processes due to not following the best practices. The study therefore recommends the supermarkets to adhere to the best practices such as having a visible and effective communication process spearheaded by an experienced person that ensures that information on competitive strategy is timely communicated across the organization. Supermarkets' Manpower management is supposed to continuously train their employees to help them improve and maintain the quality that consumers demand hence able to develop a competitive edge. Training often enables the manager to cope with challenges by ensuring relevance and effectiveness in today's dynamic business environment. The image of the enterprise is protected by the employees who are knowledgeable and focused. Customer-seller relationship serves as an important ingredient in service delivery and overall enterprise growth.

5.5 Limitations of the Study

The study was limited to the cited categories of strategies due to limited time provided. However, there may be other great strategies which can be employed by the organization to keep a competitive edge that have not been covered in this study. The study is also limited to supermarkets in Nairobi Kenya and hence the findings cannot be generalized to entire retail industry. This is due to difference in systems, organizations structures and capabilities. There is therefore need for more study to be done to identify competitive strategies being employed by supermarkets all over the country.

5.6 Suggestions for Further Research

The study investigated competitive strategies adopted by Supermarkets in Nairobi and challenges encountered when implementing the competitive strategies. The population studied included all the twenty six licensed supermarkets in Nairobi Kenya. The study established supermarkets in Nairobi integrate several strategies in order to attain competitive advantage. Porter argued that generic strategies cannot be used simultaneously. A study can therefore be done to establish wither the specific circumstances under which Porter's position is applicable.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

My name is Jacqueline Mwende Mutegi, a Master of Business student at the University of Nairobi conducting research on Competitive strategies used by supermarkets in Nairobi Kenya In order to undertake the research you have been selected to form part of the study. This letter therefore is to request your assistance giving me information to the question guide. This information will be treated with strict confidence and is purely for academic purposes.

Your assistance and cooperation in this exercise will be highly appreciated.

Yours Faithfully,

Jacqueline Mwende Mutegi

Appendix II: Questionnaire

Kindly tick as appropriate or put your response in the space provided .Information will be treated with utmost confidentiality.

Section A: General Information

1. Name of the supermarket…………………………………………………………..
2. Job Title…………………………………………………………………
3. What is your highest level of education
   a) Secondary ( )
   b) College Diploma ( )
   c) University 1st degree ( )
   d) Postgraduate degree ( )

4. What is your age bracket?
   a) Below 25 ( )
   b) 25-35 ( )
   c) 36-45 ( )
   d) Above 40 ( )

5. Years in operation of the supermarket
   a) Below 10 years ( )
   b) 10-15 ( )
   c) 16-20 ( )
   d) 21 and above ( )

6. What are the number of branches the supermarket has? if any
   a) Below 5 ( )
   b) 6-10 ( )
   c) 11-15 ( )
   d) Above 16 ( )

7. Number of employees in the supermarket.
   a) Below 100 ( )
   b) 101-150 ( )
   c) 151-200 ( )
   d) 201 and above ( )

Section B: Competitive Strategies

Differentiation strategy

8. To what extent does your supermarket use differentiation strategy in a bid to remain competitive? (please tick one)
   a) To a very large extent ( )
   b) To a great extent ( )
   c) To a moderate extent ( )
   d) To a little extent ( )
   e) To no extent ( )

9. Rate the level of application of the following differentiation strategies in your company by placing a check mark in the appropriate box in a scale of 1-5. where 1=to no extent; 2=little extent; 3=moderate extent; 4=great extent; 5=very great extent)

	1	2	3	4	5
Product					
Price					
Innovation					
Market					
Others, specify					

Focus strategy

10. To what extent does your supermarket use differentiation strategy in a bid to remain competitive?(please tick one)
    a) To a very large extent ( )
    b) To a great extent ( )
    c) To a moderate extent ( )
    d) To a little extent ( )
    e) To no extent ( )

11. To what extent do the following inform focus strategies in your company? Please rate in a scale of 1-5 by placing a check mark in the appropriate box. where 1=to no extent; 2=little extent; 3=moderate extent; 4=great extent; 5=very great extent

	1	2	3	4	5
Buyer characteristics					
Product range					
Geographical area					
Service line					

Cost leadership strategy

12. To what extent does adoption of cost leadership as a competitive strategy affect the performance of the company?(please tick once)
    a) To a very large extent ( )
    b) To a great extent ( )
    c) To a moderate extent ( )
    d) To a little extent ( )
    e) To no extent ( )

13. To what extent do you use each of the following cost leadership options in response to changes in the market? Please rate by ticking the appropriate box in a scale of 1-5 where (1=to no extent; 2=little extent; 3=moderate extent; 4=great extent; 5=very great extent)

	1	2	3	4	5
Keeping charges lower than competitor					
Keeping charges same as competitor					
Keeping overheads lower than others					
Use knowledge from past experience					
New service features in response to demand					
Keeping overheads same as industry					
Staff reduction					
Others, specify					

Section C: Challenges in Competitive Strategy Implementation

14. What are the challenges faced by the company in implementing the formulated competitive strategies?

…………………………………………………………………………………………

…………………………………………………………………………………………

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Thank you for your Response and Cooperation

Appendix III: List of Supermarkets in Nairobi

1. Uchumi Supermarket
2. Chandarana Supermarket
3. Tuskys Supermarket
4. Nakumatt Holdings Ltd
5. Ukwala Supermarket
6. Naivas Supermarket
7. Continental Supermarket Ltd
8. Eagle Supermarket
9. Eastmatt Supermarket Ltd
10. Ebrahim & Co ltd Supermarkets
11. Deepak Cash and Carry Limited Supermarket
12. Housewives Delight Ltd
13. Jawas Supermarket
14. K & A Selection Stores Ltd
15. Muthaiga Mini Market Ltd
16. Mid City Services Centre
17. Rikana Supermarket
18. Rosjam Supermarket
19. Safe Way Hypermarket Ltd
20. Clean Way Supermarket
21. Select N Pay Supermarket Ltd
22. Metro Cash and Carry Limited Supermarket
23. Supervalue Supermarket
24. Buruburu Minni Inn
25. Ngara Road Self-Service Store
26. Westlands Greengrocers Limited