STRATEGIC POSITIONING AS A BASIS OF BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE IN UCHUMI SUPERMARKETS IN KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER 2012

DECLARATION

I declare that this Research Proposal is my original work and has not been presented to any other Institution or Examination body.

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This Research Project has been submitted with my approval as the student's supervisor.

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ABBREVIATIONS AND ACRONYMS

CEO	-	Chief Executive Officer
CMA	-	Capital Markets Authority
ICDC	-	Industrial Commercial & Development Corporation
KNTC	-	Kenya National Trading Corporation
KWAL	-	Kenya Wine Agencies
NSE	-	Nairobi Stock Exchange
PTA	-	Preferential Trade Area
RBV	-	Resource Based View
ROI	-	Return On Investment
SCA	-	Sustainable Competitive advantage
SP		Strategic Positioning
SRM	-	Specialized Receiver Manager
USP	-	Unique Selling Point
URP	-	Uchumi Rescue Plan

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

One way by which firms strive for sustainable competitive advantage, and financial performance, that consistently outperforms their industry peers is through strategic positioning. The world is so dynamic, with new products and new competitors rising, seemingly overnight, that truly sustainable advantage might seem like impossibility. Uchumi Supermarket Chain is one of such firms. A simple but fundamental question that researchers and business people ask is: "What is the secret of a successful company?" For years studies have been done from all over the world with the objective of trying to find out why some companies are successful on a market and why others fail. By analyzing successful and failed companies researchers try to find answer to this question.

There is a considerable amount of literature on strategic management, which gives useful advices for business people about how to be successful in a market. Different authors agree that reason of successful performance in a market for many companies is a possession of a sustainable competitive advantage (SCA), through strategic position approach (SP). Porter (2001) explains that the concept of sustainable competitive advantage is related to that of strategic positioning. He argues that Strategic positioning is the source of competitive advantage. On the other hand, Kotler and Keller (2006) suggests that strategic positioning can be based on points of difference or point of parity, where the concept of the points of difference is very similar to the unique selling proposition (USP) and sustainable competitive advantage, with the latter being an even broader concept.

There are many examples of successful companies in different industries who have applied strategic positioning concept to achieve sustainable competitive advantage in their industries. The supermarket chain industry in particular accumulates certain characteristics that make it very interesting from a strategic management point of view. This industry is extremely wide, diverse and dynamic. It offers wide range of commodities ranging perishable to durable. Moreover, there is a diversity of people's taste due to geographic location, history and traditions. This study will therefore focus on Uchumi Supermarket Chain which has been in terms of its strategic applications. The present work will analyze what makes Uchumi Supermarket Chain successful, in terms of applying strategic positioning to achieve a competitive advantage in the Supermarket Chain Industry in Kenya.

1.1.1 Strategic Positioning

Originally, thirty or forty years ago, strategic positioning was a marketing term that described how a company configured the four Ps of marketing i.e. product features, price, place, and promotion, so that they appeal to a specific market segment or niche. For example. Proctor & Gamble is famous for producing much different soap configured to what their analysis said where definable and unique market segments.

Primarily, strategic positioning is a differentiation tactic by customer segment, with the goal to dominate one market niche as much as possible, thus matching production costs, locations, price and product to maximize the ROI on that combination. The primary benefits were to gain market share dominance, and keep margins as high as possible to maximize profits (Bech-Larsen et al, 2007). Fundamentally, the strategy acknowledges that for most companies 'one size does not fit all'. By matching the combination of the four factors to market niches, a company can optimize its market penetration and its operations to serve those market niches.

According to Barney (1995), strategic positioning requires a more complex business operation, and managing this complexity increases overhead, and requires more sophisticated management techniques, tools and information. If not done properly, one product configuration can cannibalize another in the marketplace, and launching a new product may actually not marginally improve the business ROI because it just siphons customers from other products by the same company. Companies use strategic positioning when they consciously decide to expand their business into different market segments than they are in currently. Of course, the best case is when a company produces a unique product or service that is universally desired by all market segments without regard to price or location, so the company doesn't have to worry as much about strategic positioning (Peteraf, 1993).

Some companies can overdo this segmentation strategy and end up sub-optimizing their financial results by having too many offerings in the market. There is also an organizational risk when operational silos form within the company that directly competes with each other. Over the past couple of decades, the term "strategic positioning' has gained a much broader definition that includes other customer wants, needs and desires (Hill, 1988). People will sometimes buy from companies that are perceived to be more advanced technologically, or more environmentally friendly, or more socially responsible, so that strategically positioning a company in the market has become more complex than just thinking of the four Ps and how they match to market niches.

Customer experience in particular is becoming a very important consideration, since customers have more choice now because of the internet, and have switched to other suppliers just because of poor service. Boyd et al (1998) while giving an example of Dell Computers argued that Dell Computers became the largest personal computer vendor in 25 years by focusing on providing a customer-chosen configuration combined with excellent post-sales service that resulted in a best-in-class customer experience. Then Dell lost sight of its customer-centric strategy, and dropped back to second place, while at the same time HP improved the customer experience it provided, to re-take the top spot.

1.1.2 Competitive Advantage

Competitive advantage is the measure of a firm's competencies and performance against the factors prevailing in the firm's external environment (Day, 1994). Threat of new entrants and bargaining power of buyers are some of the forces influencing the competition in the market. To counter these forces and gain a sustainable competitive advantage, the firm has to position itself strategically in the market along several parameters. The term sustainable competitive advantage was proposed by Porter (1985), when he discussed the basic types of competitive strategies firms can follow for example, low cost, differentiation, and focus, to achieve sustainable competitive advantage. However, there is no common meaning for "competitive advantage" in practice or in the marketing strategy literature.

Sometimes the term is used interchangeably with "distinctive competence" to mean relative superiority in skills and resources (Boulding and Christen, 2003). Handerson (1983) in his work summarizes all previous works which deal with sustainable competitive advantage. Based on the analysis of different perspectives found in the literature he defined the term to mean the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitor, along with the inability to duplicate the benefits of this strategy (Handerson, 1983). Different authors name different sources of sustainable competitive advantage. The most widespread theory explaining sources of competitive advantage is the "resource-based view" Day and Wensley (1988), presented the framework to explain the link between the sources of advantage and performance outcomes. They name superior skills and superior resources as the main sources of competitive advantage. Later in resource based theories these two main sources of advantage were called assets and capabilities respectively. Assets are the resource endowments the business has accumulated, and capabilities are the glue that keeps these assets together and enables them to be deployed advantageously.

Capabilities differ from assets in that they cannot be given a monetary value, as can tangible plant and equipment, and are so deeply embedded in the organizational routines and practices that they cannot be traded or imitated (Ulrich and Lake, 1991).

1.1.3. Profile of Uchumi Supermarkets

Uchumi is a public limited company incorporated in 1975 under the Companies Act (Cap 486 of the Laws of Kenya). On 17th December 1976, Uchumi shareholders - Industrial Commercial & Development Corporation (ICDC), Kenya Wine Agencies Limited (KWAL) and Kenya National Trading Corporation (KNTC) - all Government owned parastatals, entered into a management contract with Standa SPA of Italy. Standa, a leading supermarket group with a presence in Europe and vast retail experience was given the task to manage and train Kenyan personnel who would eventually take over the running of the organization. The first three branches were opened in 1976. Uchumi became a trendsetter in low pricing to the advantage of all consumers, while at the same time maintaining high standards in quality of goods and services.

In the 1990's Uchumi spearheaded the hypermarket concept in Kenya. The introduction of the hypermarket concept and specialty shops has been a runaway success. It was credited for having revolutionized the retail food sector by giving customers a variety of products to choose from and introducing the concept of self-service. It has also been a major outlet for local manufacturers and suppliers of fresh produce (over 2500 suppliers with an 85 to 15 ratio in favour of local suppliers' vis-a-vis imports).

In early 2000s Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the company's resources, which culminated in its inability to meet its obligations on an ongoing basis. Initial restructuring of Uchumi did not forestall the deteriorating performance of the company. As a result, on 31st May 2006, the Board of Directors resolved that the company ceases operations and on 2nd June 2006, the Debenture Holders placed the company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the company's listing on the Nairobi Stock Exchange (NSE). Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July, 2006 under Specialized Receiver Manager (SRM) and interim management. After 45 days of closure, the government injected Kshs 675 million (US $9.4million), as part of cash required to kick start Uchumi's business operations. Key Uchumi creditors, Preferential Trade Area (PTA) Bank and Kenya Commercial Bank (KCB) have formally agreed to a 12-month moratorium on the company's principal loans. In 2008 the company returned a profit of Kshs 106 million against a loss of Kshs 257 million the previous year marking a turnaround of Kshs. 356 million.

Today, Uchumi is one of the largest commercial retailing companies in the country, operating 19 branches - 13 in Nairobi, 6 upcountry and 3 in Kampala, Uganda and one in Tanzania. Uchumi has over 1700 employees and it offers amongst others the following in its stores: bakery; wines; meat; fish; kitchen appliances; furniture; decorations; vegetables; clothes; toys; audio visual equipment and fruits. Kenya's retail food sector has in the recent past been dominated many major supermarket chains namely, Uchumi Ltd., Nakumatt supermarket, Tuskys Supermarket, Naivas supermarket, Chandarana supermarket, Ukwala Supermarket, and other minor supermarkets whose presence cannot be ignored. The Uchumi supermarket Ltd., being one of the oldest supermarket chain in Kenya and having started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems, this resulted in a marked diminution of the company's resources, which culminated in its inability to meet its obligations on an ongoing basis. Initial restructuring of Uchumi did not forestall the deteriorating performance of the company.

As a result, on 31 st May 2006, the Board of Directors resolved that the company ceases operations and on 2nd June 2006, the Debenture Holders placed the company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the company's listing on the Nairobi Stock Exchange (NSE). Having gone through 45days closure and put under a receivership manager, two years later Uchumi experienced profits and has since then reopened many of previously closed branches and even opened several more branches in Kenya and in East Africa and in May 31st 2011 re-enlisted its shares in the NSE. Uchumi continues to be one of the leading supermarkets.

1.2 Research Problem

When a firm undergoes decline in trade leading to collapse, the viability of such a firm for future prospects becomes the greatest concern for the chief executive officer. In such cases, one of the rescue measures could be the adoption of strategic positioning. Such a strategy is concerned with the impact of the external environment, internal resources and competences, and the expectations and influence of stakeholders on the profitability and viability of the firm.

Uchumi Supermarket Limited, one of the leading retail chains in Kenya faced both internal and external challenges which resulted to financial and operational difficulties occasioned by a sub-optimal expansion strategy in the early 2005. This led to depletion of the company resources to the extent that it could not meet its obligations to the stakeholders. However following a turnaround efforts which commenced in July 2006, significant growth has been noted. According to the company bi-annual financial report for the year 2008, Uchumi Supermarket posted a profit of Kshs 106 million against a loss of Kshs 257 million the previous year (2007), marking a turnaround of Kshs 356 million.

Although various studies have been done on gaining competitive advantage through turnaround strategies, very few have been conducted on Kenyan companies, more so the Retail Chain Sector where supermarkets belong. Barney, (2005) for instance studied the performance shocks, turnaround strategies for competitive advantage, and corporate recoveries: the Australian experience while Johanson, et al (2005) focused on asset and cost retrenchment in turnaround strategies for a competitive advantage a large-sample study of corporate responses to the Asian crisis in Singapore. Both studies established that proper application of the turnaround strategies can make an organisation not only break-even, but gain and sustain a competitive advantage. However, Njuguna (2009), who did a study on the turnaround strategies for declining small business: the effects of performance and resources concentrating on United States of America, even though concurred by the above studies, indicated that, strategies notwithstanding the company may fail to achieve a competitive advantage yet keep making huge profits.

In Kenya, Situma (2005) studied the turnaround strategies adopted by Kenya Commercial Bank to gain competitive advantage within the banking centre. He found that use of customer loyalty, enhanced computerisations, and increased advertisement could achieve the bank's objective for the competitive advantage. The researcher has thus established that as far her knowledge is concerned no research has been done to establish the strategies that can be applied in the supermarket sector to gain and sustain a competitive advantage especially through sustainable strategic positioning.

This posse a great knowledge gap, especially owing to the fact that a big supermarket chain like Uchumi Supermarket could recover, declare profits and return the stock market all within a five year period. In order to fill this gap in knowledge, the researcher proposes to establish how Uchumi Supermarket Chain has employed the use the nine positioning strategies to gain sustainable competitive advantage: emotional loyalty, fanaticism, product quality and assortment, service level, prices, programs for rewarding patronage, layout. The study will answer the following critical question, How has Uchumi Supermarket used the following strategic positioning strategies to gain sustainable competitive advantage: emotional loyalty, fanaticism, product quality and assortment, service level, prices, programs for rewarding patronage, layout.

13 Objective of the study

The objective of the study is to establish how Uchumi Supermarkets has used strategic positioning to gain sustainable competitive advantage in the retail chain industry in Kenya.

1.4 Significance of the Study

The findings of this study will be of much importance to organizations, academicians and strategists in enhancing better organizational performance. For instance, the findings of this study may be used by organizations as a tool for strategic planning and implementation with the aim of achieving sustainable competitive advantage. For strategists and managers, the findings of this study will be of value as reference point for strategy and policy making in order to evaluate the benefits of strategic positioning. Finally, findings of the study can be used as a benchmark for organizations that may have similar past and experiences as Uchumi Supermarkets, as they plan for a turnaround policies. Hence, the study finds justification for existence.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature guided by the objectives of the study. These objectives are to establish how Uchumi Supermarket has used the following strategic positioning strategies to gain sustainable competitive advantage: emotional loyalty, fanaticism, product quality and assortment, service level, prices, programs for rewarding patronage and layout. The chapter begins with a review of on the concept of strategy, then a review on sustainable competitive advantage and concludes by a review of the nine competitive advantage strategies as outlined in the research objectives.

2.2 The Concept of Strategy

Henderson (1983) stated that the word strategy comes from a Greek word *stratego,* meaning to plan the destruction of one's enemies through effective use of resources. The concept of strategy was developed purely in relation of the successful pursuit of victory in war. The concept remained a military one until the nineteenth century when it began to be applied to the business world. Bowman and Faulkener (1997) defined strategy as a company's game plan. A strategy reflects a company's awareness of how, when and where it should compete, against whom it should compete and for what purpose it should compete. Johanson et al (1985) define business strategy as concerning the actions and approaches crafted by management to produce successful performance in one specific line of business with the central issue being how to build und strengthen the company's long term competitive positions in the market place.

Basically, strategy is about two things, deciding where you want your business to go, and deciding how to get there. **A** more complete definition is based on competitive advantage, the object of most corporate strategy which argues that competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. There are two basic types of competitive advantage: cost leadership and differentiation (Porter, 1985).

According to Kotler and Keller (2006), a firm's relative position within an industry is given by its choice of competitive advantage (cost leadership vs. differentiation) and its choice of competitive scope. Competitive scope distinguishes between firms targeting broad industry segments and firms focusing on a narrow segment. Generic strategies are useful because they characterize strategic positions at the simplest and broadest level. Porter (2001) maintains that achieving competitive advantage requires a firm to make a choice about the type and scope of its competitive advantage. There are different risks inherent in each generic strategy, but being "all things to all people" is a sure recipe for mediocrity - getting "stuck in the middle".

Blankson and Kalafatis (2004) offer another popular generic framework for gaining competitive advantage. In their framework, a firm typically will choose to emphasize one of three "value disciplines": product leadership, operational excellence, and customer intimacy. Business strategy is essentially concerned with how the firm competes within a particular market/industry. If the firm is to prosper within an industry, it must establish a competitive advantage over its rival's also known as competitive strategy. Business strategy focuses on improving the competitive position of the company's services/products within the specific market segment of the company or the businesses which it serves (Keller, 2008). Business strategy addresses how a firm/ its units can compete in its business and its industries. In single business firms however, there is no distinction between corporate and business strategy.

Blankson and Kalafatis (2004) argue that decision making hierarchy of a firm contains three levels of strategic planning. These are corporate, functional and business level. Corporate levels reflect the concerns of stock holders and society at large. Corporate level executives determine the businesses in which the firm should be involved, set objectives and formulate strategies that span the activities and functional areas of this business. Hence corporate strategy outlines the nature and scope of the enterprise as a whole. Corporate level strategic managers attempt to exploit their firm's distinctive competencies by adopting a portfolio approach to the management of its businesses and by developing long term plans. In the middle of decision making hierarchy is the business level. Managers at this level translate the statements of direction and intent generated at the corporate level into concrete objectives and strategies for individual business divisions i.e. they determine how the firm will compete in the selected product/market arena.

Strategy is the direction and scope of an organization over a long term which achieves advantages for the organization through configuration of the resources within the changing environment to meet the needs of the market and fulfil stakeholders expectations (Alan et al, 2001).These scholars argue that there are three levels of strategy which includes; corporate level strategy which is concerned with the future direction of the company, business level strategies that are concerned with sustainability of different portfolios and operational level strategies concerned with delivery system and procedure. Strategy is the establishment of long term goals and objectives of the organization, including the taking of actions and allocation of resources for achieving these goals (Njuguna, 2009). Porter (1980), states that strategy is basically about competition and the means by which an organization fights to gain a competitive advantage. This implies that for an organization to remain competitive in the market it must formulate and implement competitive strategies.

23 Sustainable Competitive Advantage

The concept of sustainable competitive advantage appeared already in 1984, when Day (1984), suggested certain types of strategies to "sustain the competitive advantage". The term sustainable competitive advantage was later proposed by Porter (1985), when he discussed the basic types of competitive strategies firms can follow for example, low cost, differentiation, and focus to achieve sustainable competitive advantage. However, there is no common meaning for "competitive advantage" in practice or in the marketing strategy literature. Sometimes the term is used interchangeably with "distinctive competence" to mean relative superiority in skills and resources (Boulding and Christen, 2003). Deutdche (2007) in his work summarizes all previous works which deal with sustainable competitive advantage. Based on the analysis of different perspectives found in the literature he proposed the following definition of sustainable competitive advantage: A sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitor, along with the inability to duplicate the benefits of this strategy.

Different authors name different sources of sustainable competitive advantage. The most widespread theory explaining sources of competitive advantage is the "resource-based view" (RBV). Already since 1988 Day and Wensley (1998), presented the framework to explain the link between the sources of advantage and performance outcomes. They name superior skills and superior resources as the main sources of competitive advantage. Later in resource based theories these two main sources of advantage were called assets and capabilities respectively. Assets are the resource endowments the business has accumulated, and capabilities are the glue that keeps these assets together and enables them to be deployed advantageously. Capabilities differ from assets in that they cannot be given a monetary value, as can tangible plant and equipment, and are so deeply embedded in the organizational routines and practices that they cannot be traded or imitated.

To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product that is worth paying for even if a premium has been charged or a fairly priced product capable of satisfying the buyers needs. Barney (1995) argues that a competitive strategy comprises of both offensive and defensive moves. An offensive move is an action taken when an organization tries to exploit and strengthen its competitive position for instance being ahead of a competitor in pricing, promotion, product features and distribution channels. On the other hand, a defensive move is any action that gives a firm a competitive advantage such as patents or exclusive contracts with suppliers.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is bom out of core competencies that yield long term benefits to the company. Boyd et al (1998) defined a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. A core competence has three characteristics; first, it provides access to a wide variety of markets, it increases perceived customer benefits and lastly it is hard for competitors to imitate. According to Porter (1988), in formulating sustainable competitive advantage involves the consideration of four key factors i.e. strengths, weaknesses, threats and opportunities that determine the limits of what a company can successfully accomplish. The company's strength and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological postures and brand identification.

Strength and weaknesses combined with values determine the internal limits to competitive advantage that a company can successfully adopt. The internal limits are determined by industry and the broader environment. Industry opportunities and threats define the competitive environment. Threats and opportunities are external to the firm. A threat could for example be a new entrant that poses stiff competition or availability of cheap substitutes on the other hand an opportunity could be a market left by a failing firm, emerging new markets or favourable political environment or government policies. Porter (1985), further states that the goal of a competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against the competitive forces or can influence them in its favour. The strength of competitive forces in an industry determines the intensity of industry competition and profitability.

Blankson and Kalafatis (2004) on the other hand argue that, sustainable competitive advantage is the narrower portion of business strategy dealing with the company's competitive approaches for achieving market success. Its offensive moves to secure a competitive edge over rival firms and its defensive moves to protect its competitive position. It consists of all the moves and approaches a firm has taken and is taking to attract buyers, withstand competitive pressure and improve its market position. Managers tailor strategies of their own company situations and market environment thus there can be as many competitive strategies as there are company's trying to compete.

Sustainable competitive advantage is about being different and it means deliberately choosing a different set of activities to deliver a unique mix of values (Porter, 1996). Porter (1980) outlines the three approaches to competitive advantage. These includes striving to be the overall low cost producer i.e. low cost leadership, striving to differentiate one's product offering from that of its rivals i.e. differentiation and lastly focusing on a narrow portion of the market/industry i.e. focus or niche. These strategies constitute what is referred to us Porter's generic strategies.

The existing literature varies in its qualities and quantities as regards the different topics this thesis is dealing with. How does a business achieve and maintain a superior competitive position in a market? This question is at the heart of the strategy development process and largely defines the field of strategic management (Day 1994). In the last 20 years, there has been a spectacular increase in the number of powerful frameworks to evaluate the determinants of differential performance, from Porter's five forces framework to the resource-based view to transaction-cost economics (Alan et al, 2001). Put it simply, superior competitive position means higher returns and profitability. It is relevant to consumers' willingness-to-pay, sometimes called "economic value" concept. According to Porter (2001), sustained profitability is the only measure of economic value. He defines two fundamental factors that determine profitability: industry structure, which determines the profitability of the average competitor; and sustainable competitive advantage, which allows a company to outperform the average competitor (Porter 2001).

In order to understand the link between the sources of advantage, positional advantage and performance outcomes Day (1994) presented a framework of elements of competitive advantage. Positional and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position. And in order to make the positional advantage sustainable, the company must continue to invest into the sources of advantage (Day 1994). This approach intends to see the successful strategic position of the company as the result of sustainable competitive advantage. Simply speaking according to resource-based approach it can be said that sustainable competitive advantage leads to Strategic positioning.

Nowadays network concept is not new. Boyd et al, (1988) wrote about superior mode of organization, the strategic network. Firms are not monolithic entities of a given good or service. They stressed the importance of complex arrays of relationships between firms established through interaction with each other. These interactions imply investments to build the relationships, which gives consistency to the network. Boyd et al, (1988) see competition more as a matter of positioning one's firm in the network than attacking the environment. The care of the relationships becomes a priority for management. If a firm is able to obtain an arrangement whereby it "farms out" activities to the most efficient supplier, keeps for itself that activity in which it has a comparative advantage, and lowers transaction costs. Similarly Bowman and Faulkener, (1996) state that strategy development is about positioning the company in the overall business network through the development of its relationships. Strategic Positioning for Competitive Advantage

According to Johnson and Scholes, (2005), strategic position is concerned with the impact on strategy of the external environment, internal resources and competences, and the expectations and influence of stakeholders. Together, a consideration of the environment, strategic capability, the expectations and the purposes within the cultural and political framework of the organisation provides a basis for understanding the strategic position of an organisation.

The real art of understanding strategic position is in being aware of the linkages between these three aspects, how they change over time and how they can be integrated to create value. Johnson and Scholes (2005) further point out that a successful organisation 'will have found a way of operating such that environmental forces, organizational resources and competences, and stakeholder expectations mutually reinforce one another. The crucial point to remember is that the best understanding of the strategic position counts for nothing unless the organisation can use the knowledge effectively to develop and implement a successful strategy. Prior to the 1990s, strategic management tended to focus on the interface between strategy and the external environment in which the organisation operated. However, during the 1990s, the emphasis shifted towards internal factors or the 'resource based view' which stressed the role of the organization's resources and capabilities as the principal basis for its strategy. The organisation can exploit its unique collection of resources and competences to gain competitive advantage and in a way that is difficult for competitors to imitate. There are a number of tools and techniques that organizations can use to understand their strategic position. Many are listed in the Strategic Planning topic gateway. In respect of strategic position, it is important that: The organisation needs to use the resulting information effectively. It needs to be discussed, debated and challenged so that the implications can be understood. The organisation might need to develop its own tools and techniques to understand its position effectively. The tools and techniques listed below are only a means to an end. What really matters is that understanding the strategic position should help the organisation to formulate and implement a successful strategy. The organisation should not paralyze itself through analysis. It may be best to select just a few tools and stick to those. Understanding the strategic position should not be an intense one off exercise associated with the annual strategic planning cycle. Instead, it should be thin but ongoing. Some issues, such as competitor information, will need to be reviewed at least monthly.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that the researcher used use in the study. It covers the description of research design, data collection procedure and the technique for data analysis.

3.2 Research Design

A case study was used to meet the objectives of this study. A case study research method is an empirical enquiry that investigates a phenomenon within its real life context. This is done when the boundaries between phenomenon and the contexts are not clearly evident, and in which sources of evidence are used (Yin, 1984). The researcher adopted this method for the study because it enables in-depth information regarding the strategic positioning at Uchumi Supermarkets. According to Young, (1960), case study is also valuable for detailed analysis. Kothari, (1990) also concurs that a case study often provides focused and valuable insights to a phenomenon that may be vaguely known and less understood.

3.3 Data Collection

The study used both primary and secondary data. Primary data was collected by use of an interview guide (Appendix I). The researcher scheduled interviews with the Chief Executive Officer of the Uchumi Supermarkets. The researcher was convinced that CEO was the best placed to give data on strategy of the firm. The interview covered matters relating to strategies, plans and actions taken by each department to enhance competitive advantage at the supermarket chain. On the other hand, secondary data was obtained from information posted in Uchumi Supermarkets website.

3.4 Data Analysis and Presentation

Content analysis technique was used to analyse the data. According to Nachmias and Nachmias (1996), content analysis is the systematic and qualitative description of the composition of subject of study. They further state that content analysis assists in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends. The report was then presented in the form of tables, charts and diagrams for ease of understanding and interpretation.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the research results and findings and then concludes by presenting detailed analysis and discussions of the research objective as guided by the research questions and statement of the problem.

The objective of the study was to establish how Uchumi Supermarkets has used strategic positioning to gain sustainable competitive advantage in the retail chain industry in Kenya. The focus of the study was therefore on the causes of business decline at the supermarkets chain and the competitive advantages employed to revive the Uchumi Supermarkets.

4.2 Causes of Business decline

As stated in chapter three above, primary data used in this study was obtained from a structured interview with the Chief Executive Officer (CEO) of Uchumi Supermarkets, while the secondary data was obtained from the supermarket's website. In early 2000s Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the company's resources, which culminated in its inability to meet its obligations on an ongoing basis.

Initial restructuring of Uchumi did not forestall the deteriorating performance of the company. As a result, on 31^{sl} May 2006, the Board of Directors resolved that the company ceases operations and on 2nd June 2006, the Debenture Holders placed the company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the company's listing on the Nairobi Stock Exchange (NSE). Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July, 2006 under Specialized Receiver Manager (SRM) and interim management.

4.3 Positioning Strategies used at Uchumi Supermarkets

To gain a competitive advantage at the Uchumi Supermarkets, a number of strategic positioning strategies employed by the then Specialized Receivership Manager of which the core purpose was the redefinition of the company includes:

4.3.1 Customer Service

First, the supermarkets adopted improved customer service delivery. This was done through focusing on customer numbers and quality service equipped to meet customer needs. The customer service desks at each branch were strategically placed and suggestions boxes put in place so management can get customer feedback and in turn address customer issues. This has impacted on customer numbers and turn over as their needs and requests are met in a timely manner.

A good example is the city square Uchumi supermarket branch that opens at 6:30am every day to serve the early customers going to their offices with fresh baked pastries from the renowned Uchumi bakery. Uchumi has also gone further to collaborate with KPLC (Kenya Power and Lighting Company) and water companies, in such a way that the customer can now pay utility bills at the counter at no costs to the customer. . This comes as increased general merchandise to sustain customer service. This has made it easier for the customer to have a one stop counter where they can pay their utility bills and groceries all in one go

Uchumi has partnered with Bata Shoe Company to offer wide of range of footwear and accessories. Recently they have added banking services where customers are able to bank while shopping. Uchumi has become the first major supermarket outlet to offer financial services to its customers in an increasingly competitive environment.

Since 2007, the company introduced the MPESA services and has since then become the largest agent in the country. Uchumi supermarket has also initiated the selling of insurance products to its customers as part of the value proposition to its customers. In the years 2005/2006. the customer base was 8M and has now grown to 22M in the year 2011/2012.

The loyalty programmes that Uchumi provides include; the U-card and the gift card programmes which are designed to show the company's appreciation to our loyal customers. When the card is scanned at the point of sale at the time of purchase, points are credited into the customers U card account. These points can be redeemed and reward program is based on a specific promise of service delivery.

Uchumi supermarket chain is also very keen on to fully cater and satisfy its suppliers, shareholders and other stakeholders. They are very specific on who supplies their products and it's through set criteria that these suppliers are vetted. These criteria are well stipulated in their website.

The board and management of Uchumi supermarket also hold annual general meetings and brief their stakeholders through other media on the progresses the company makes.

The employees of the company are also not left out. When the Specialized receiver manager took over, there were reforms that took place in regard to the staff and how they hold and view the company. There were a series of trainings for the staff to revitalise their ownership claim on the company. They have an open door policy where the staff can now interact with the management so as to address issues on the ground as they emerge. Staff training is on an ongoing basis depending on the needs. The terms of employment for the over 1,700 staff have changed to benefit them and this has in turn reduced the rate of staff turnover. This has gone a long way in the growth and satisfaction of both their external and internal customers.

4.3. 2 Sales Maximization

In addition to focusing on the customer service, the supermarkets chain used sales maximization as a competitive advantage. This enabled the supermarket to achieve enhanced margins in terms of profits and asset growth and this was to be achieved through customer focus and their numbers. Uchumi has introduced a speciality store concept where, other business investors are encouraged to put up shop within the supermarket so as to provide a wider variety of goods.

This is evident at Uchumi hyper Ngong road, Sarit centre where there are gift shops, jewellery shops, electronic shops, booking offices for E-coach bus service, Mpesa agents, butcheries and confectionery shops which provide a wider variety for the customers therefore maximizing on sales making it a one stop shopping experience for the customer. The introduction of this concept and specialty shops was a runaway success. The key ingredient of Uchumi's success was a keen focus on the buying culture of Kenyan shoppers.

As their customers become more educated, decisive and particular about their purchases and overall experience while shopping, retailers have to re-invent themselves so that they can profitably meet the ever changing tastes and preferences of customers.

Specialty stores are part and parcel of Uchumi shops. Their inclusion the branches was initiated to increase the variety for customers especially where Uchumi does not have core expertise. This has not only created a one-stop-shop scenario for our customers but has also allowed business at a capital friendly rate for Uchumi.

The specialty shop concept is described as a "shop-within-a-shop" concept. These include laundry services, pharmacies, salons, electronic shops and boutiques found within our larger mainly hyper stores. Having spread from Kenya and now to our branches in Uganda and Tanzania, Specialty partners have greatly increased the shoppers experience at our stores.

These speciality stores within the supermarket not only increase variety available for the customers, they also increase turnover of customers translating to sales maximization from both the customers and business investors who pay rent to Uchumi. This is evident as it now earns over 3 Million monthly in commission from M-pesa services. The key ingredient of Uchumi's success was a keen focus on the buying culture of Kenyan shoppers.

4.3.3 Rebranding

The third strategic positioning adopted by the supermarkets was rebuilding of the brand which had been tarnished by its inability to meet its obligations on an ongoing basis. Rebranding made the supermarket to shine among its competitors, hence the common phrase, '*tujenge uchumi yetu.*' The Uchumi brand has been a house hold name for over three decades and rebranding it was crucial to its success as a rebuilding company and as well as for growth purposes. Rebranding meant success of the company in many aspects from recapitalization to successfully growing of other branches nationally and regionally.

The rebranding not only made the company regain its status of being one of the best supermarkets in the country, it also gave a chance to the employees to own the Uchumi brand, and the staff who are the greatest asset the company therefore, a high human resource output leading to efficiency and effectiveness of the services they offer. Rebranding also involved business reorganization redefinition which turned branches as a business base to facilitate business growth and operations.

Uchumi has for the last five years held promotions which build and advertise the brand making it a strong household name. Through the years the company has undertaken promotions to not only advertise the brand name on bill boards, newspapers and other media, but also out to tell their clients that there is value for their money and that among its objectives is to rebuild the economy of the country. This is depicted in their slogans "Uchumi the home of value' which is the corporate slogan, 'tujenge uchumi yetu' is a shop slogan that is on their shopping bags, 'sherekea krismasi' that was used during the festive season, 'be your brother's keeper' was to support the draught stricken families in Turkana, 'asante wakenya' is being used now to celebrate six years since the reopening of uchumi. Other promotions run on monthly basis where they offer price cuts on goods.

Rebranding has also made all Uchumi stakeholders from its customers, to service providers to suppliers, to shareholders and internal customers to trust in its service delivery and bright future as the leading supermarket. Uchumi regards its suppliers as also a partner. This has gone a long way on how they Hate to one another on a business level creating trust and a long haul relationship.

Over the years the Uchumi team have through their corporate social responsibility, supported and participated in the Standard Chartered, Ndakaini and LEWA marathons and Hell's Gate wheelbarrow race. Uchumi has a long standing partnership with Thomas Barnados Childrens' home and constantly support KENWA, REDCROSS and TAPWAK fund drives among other socially needy homes and institutions for children and the aged.

This has gone a long way in how uchumi as a company relates to its external customers and they value it gives back to society.

Rebranding also involves the internal customer on a regular basis where their staff are constantly trained on how to uphold Uchumi brand, and these competent staff also contribute immensely on the way forward in regard to inward- outward look of the brand which translates to the delivery of the brand to the external customer. Breaking business boundaries and relations brings about the creation of good relations with the stakeholders from the banks, suppliers, shareholders and its internal customers.

4.3. 4 Cost Management

Cost management strategy was also adopted by the supermarket in order to gain and sustain the competitive advantage. This strategy would propel the company into profits to facilitate the payment of outstanding loans and other obligations. Through business reorganization redefinition branches were turned to a business base to facilitate business growth and operations. This not only decentralised operations it also reduced its operations overheads. This made each branch manage its growth curve and thus increasing its propensity for success. This has gone a long way in reducing the overall costs that were incurred in earlier years and has now led to the opening of other branches including Karatina, Meru, Tanzania and Uganda branches.

Uchumi's cost model has been based on avoiding concentrating on imported foodstuffs and other foreign products that are locally available, therefore has no import department. Uchumi also targets growth away from city centres, focusing instead on the residential shopper, enabling
them to remain closer to the purse of the average Kenyan. Before opening a branch, there is a specialized department that does a site analysis and appraisal that gives appropriate data gauging whether it is viable or not to open a branch in a certain area or location. Once a site has been approved and appropriate infrastructure put in place, then the merchandising department design the layout of the new branch. These departments operate in a synergistic approach throughout the functions and departments therefore reducing the costs of outsourcing.

Operating on a Hub and Spoke model selected Uchumi stores act as the hubs for customers within a defined zone. With competitor Nakumatt having introduced and popularised the 24-hour shopping concept, the onus has been on Uchumi and other players to introduce innovative strategies to not only retain their clientele but also grow their market share. Through their analysis and strategic base, the management of Uchumi have found it commercially unsound to go the 24hr way. This was in consideration of the cost versus the return from the 24hr concept.

In the Uchumi delivery service model, shoppers can either call or e-mail in their shopping order list to a call centre situated in the supermarket. The strict use of qualified staff and suppliers has in the long run seen the operating costs reduce thus, maximizing on their profit.

4.3. 5 Recapitalization

Finally, the company adopted recapitalization which would rebuild from past history and engage payments on outstanding and overdue debts.

After Uchumi ceased its operations, there was a need for recapitalization so as to rebuild it from the ground up. After a debenture issue by Uchumi supermarket raised only Ksh 134million, against a target of Ksh 650 million, the rescue plan was to seek a strategic equity partner to pull the retail chain out of its crippling debt position and facilitate recapitalization. While the debenture offer sold short, the retail chain remained a major attraction especially to numerous local and international investors as well as the retail company's foreign shareholders

The Specialized receivership manager then saw the need for marshalling of the stakeholders to gain receptivity and interest addressed accordingly i.e. bankers paid consistently, suppliers paid in whole or through the pay formula, empowering of the customers through quality customer service, register of feedback from the customers.

Shareholders are continuously informed through appropriate media and through special general meetings. Government is part and parcel of the operations and the loan granted to Uchumi was fully repaid.

4. 4 Discussion of findings

The objective of the study was to establish how Uchumi Supermarkets has used strategic positioning to gain sustainable competitive advantage in the retail chain industry in Kenya. The focus of the study was therefore on the causes of business decline at the supermarkets chain and the competitive advantages employed to revive the Uchumi Supermarkets.

The analysis of the information obtained through a one-on-one interview with the Chief Executive Officer of the supermarket chain indicated that the company adopted five major strategies to gain and sustain a competitive advantage among its competitors in the industry. These were the use of Competitive advantages employed by the then specialized receivership manager of which the core purpose was the redefinition of the company and they include: Customer service through focus on customer numbers and quality service equipped to meet customer needs, sales maximization and enhanced margins in terms of profits and asset growth and this was to be achieved through customer focus and their numbers.

Other strategies applied involved rebuilding of the brand which had been tarnished by its inability to meets its obligations on an ongoing basis, implementation of the cost management strategy that would propel the company into profits to facilitate the payment of outstanding loans and other obligations and business reorganization redefinition which turned branches as a business base to facilitate business growth and operations. Recapitalization, which would rebuild from past history and engage payments on outstanding and overdue debts and business boundaries and relations which would bring about the creation of good relations with the stakeholders from the banks, suppliers, shareholders and its internal customers

In addition, to the strategies adopted, the company followed a logical step in achieving the above strategies. These include;

Reviving - all operations, where they had to re-open existing branches and in time they were able to open new branches and even expand to the East African region.

Survive- through the hardships and competitions. The competition was cut throat and competitors growing. Strong competitions which were family related in the sense that the already established supermarkets who were big completion which include: Tuskys, Naivas, Nakumatt were all related whether in business, family relations and or operations. Therefore, Uchumi being in hibernation for those 45days made the completion take advantage of that situation.

Synergy- throughout the company functions and departments having a teamwork approach and 'we can do it' attitude. Training on core purposes is continuous and ongoing over the last 4years. Defining of core values in the organization through formation of renewed culture and attitude.

Profitability- focus on customer service and numbers, business reorganizations and redefinition, cost management, maximization of sales and paying off debts. There were no resources as its liquidity was very low therefore need for recapitalization.

Growth- optimizing internal functions, customer needs focus and niche market.

Apart from the use of business oriented strategies, the Uchumi supermarket chains also decided to concentrate on employees' empowerment by adopting a number of continuous improvement parameters. Such strategies included, recognizing short term wins and celebrating them; continuous staff training; marshalling of stakeholders to gain receptivity and interest addressed accordingly i.e. bankers paid consistently, suppliers paid in whole or through the pay formula, empowering of the customers through quality customer service , register of feedback from the customers; shareholders are continuously informed through appropriate media and through special general meetings ensuring that the loans granted to Uchumi is fully repaid.

Uchumi's rescue Plan (URP) saw 14 branches reopen. The performance recorded continued to improve following further implementation of the URP during the year 2007/8. The upswing in sales revenue, and trading margins by 27% and 22.8% respectively in 2006/7 compared to the previous year was followed by 50.8% and 61% growth in the sales and gross profit in 2007/8 compared to those realized in 2006/7. The absolute gross profits increased by Shs.585 million, or 61% to Shs.1,549 million in 2007/8. This is a gross margin of22.8% of net sales revenue compared to 21% of the previous year 2006/7.

Additionally, customer numbers recorded in the year increased by 73% and 46% compared to the 2005/6 and 2006/7 levels respectively, resulting in the highest customers per square foot per annum recorded in the recent past. These were despite the higher taxes charged on the packaging materials, higher cost of doing business and the inflationary pressure its esteemed customers. The positive growth results were attributed to focus and redefined core purpose (business objectives) together with operational efficiency, and the re-launched Uchumi brand. The management remained focused on operating costs that increased by Shs. 185 million, or 17% to Shs. 1,254 million compared to the above noted marked increase in gross profit.

After recorded financial costs the profit before tax increased from operating loss of Shs.257 million in the previous year to the profit of Shs. 106 million, a turnaround of total Shs.356 million. This is a marked milestone for the chain store as the last recorded profit was back in 2001/2.

Further, the business substantially met its bargain in corporate obligations to the pre-receivership creditors and current suppliers, and the secured debenture holders. Current assets grew from Shs.764 million in 2006/7 to Shs.900 million of which cash and cash equivalent increased by Shs.40 million to Shs. 116 million. These were complemented by prudent management of inventory. Post receivership suppliers' debt was at term and total current liabilities after reclassification from term loans of Shs.547 million stood at Shs. 1.453 million.

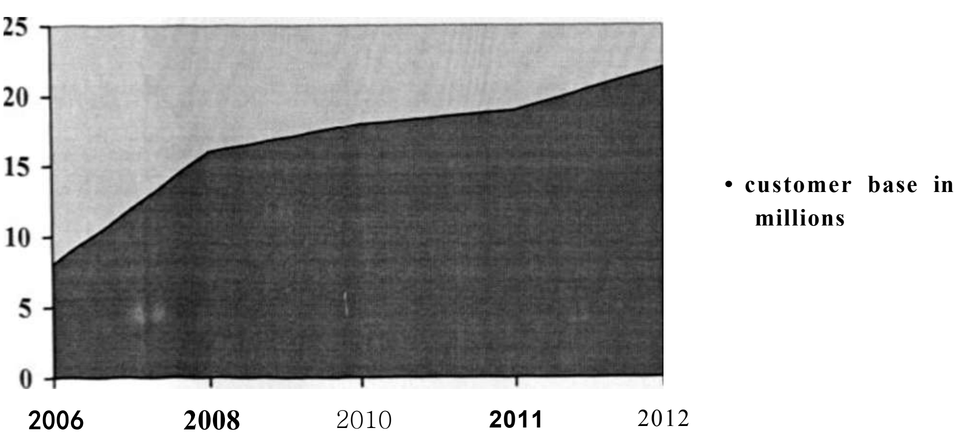
In the year 2007 settling of term loans of Shs. 150 million and interest charge of Shs. 189 million was done. In the same year, pre-receivership suppliers' debt equalled to Shs.594 million was cleared.

The part implementation of the URP to date has resulted in marked gains in customer and products strategic adjacencies. While the upswing in business performance continues to be realized, the SRM in consultation with the Advisory Committee and the secured creditors recognized that Uchumi will technically require to restructure the balance sheet through increased equity to correct the previously eroded shareholders' funds and simultaneously align the company competitive positioning through growth strategic adjacencies and lower debt carrying capacities that are planned to plummet profitability. The process of selecting appropriate strategic equity partners which is one of the identified routes to source equities is at an advanced stage, and in the docket of the Advisory Committee. Accomplishment of this exercise took the company through to the NSE, the ultimate objective of URP.

Uchumi Group has continued to record profits for the sixth consecutive years since reopening. Sales revenue and gross profits grew by 28% (or Kshs. 3,078 million) and 34% (or Kshs.791 million) respectively compared to 2010/11 mainly due to the opening of the five new branches during the year and prudent approaches to operations. The growth compared to 2009/10 was a growth of 45% (or Kshs. 4,310 million) and 47% (or Kshs. 1,006 million) for sales and gross profits respectively. Annual customer numbers increased by 16% to 22 million compared to the 2010/11 levels of 19 million, and 2009/10 level of 18 million. During the year, costs grew in tandem with the growth in business as well as a result of runaway inflation caused by the increasing cost of global fuel prices which in itself is a significant factor on the prices of commodities. This was exacerbated by heavy non-recurrent initial operating costs for the new branches opened in the E.A region during the financial year. As a result, the Operating Costs to Net Revenue ratio went up to 19.6% in 2011/12 compared to 16.0% in 2010/11.

This ratio is expected to reduce back to around the 16% level in the next financial year as the new branches mature. (The new branches will build their revenue potential in the new 2012/13 financial year to expected levels). Consequently, profits before tax during the year (Kshs 403 million) dropped by 21.7% from the 2010/11 level of Kshs 515 million. Earnings per Share stood at Kshs 1.03 per share, down from Kshs 1.47 in the last financial year.
The balance sheet however grew by 23.6% (or Kshs.937 million), from Kshs.4,005 Million in 2010/11 to Kshs. 4,942 Million in the year 2011/2012. The above analysis is presented in the Figure below:

Figure 4.1. Showing the customer base growth for Uchumi supermarket for the year 2006-2012

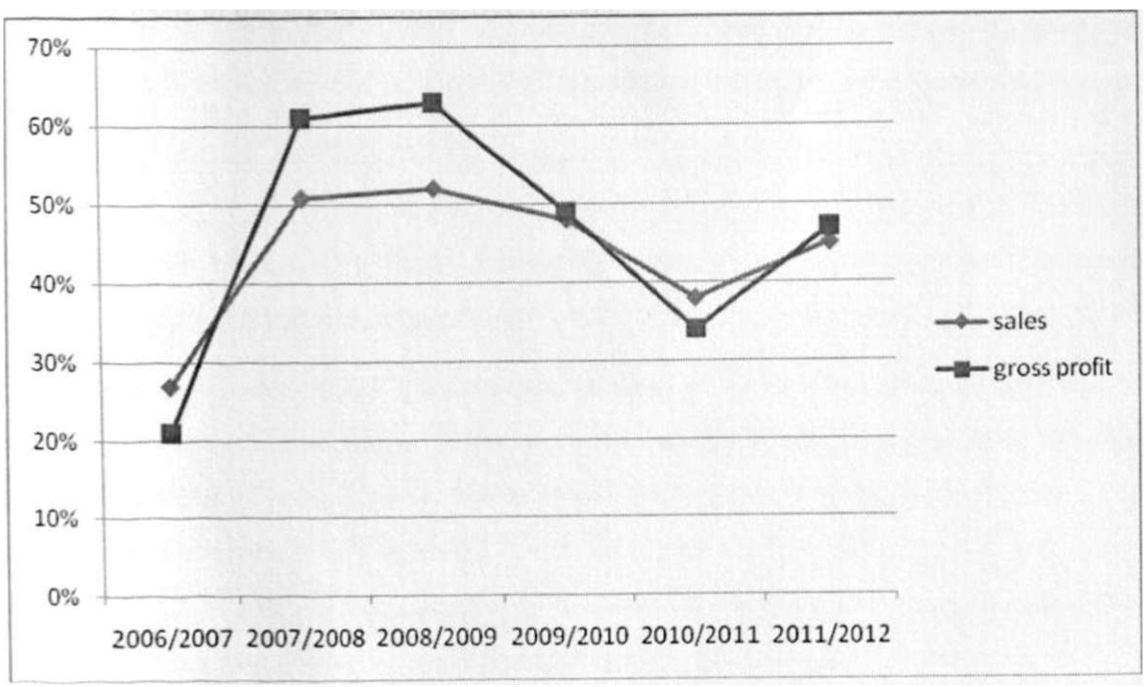


In the years 2005/2006, the customer base was 8M and has now grown to 22M in the year 2011/2012. Annual customer numbers increased by 10 per cent to 19 million compared to the 2009/10 levels of 18 million and 2008/09 level of 16 million per square foot per annum. "The positive growth results are attributed to focus and redefined business objectives together with operational efficiency and the relaunched Uchumi brand in line with the Uchumi Rescue Plan.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is bom out of core competencies that yield long term benefits to the company.

A core competence has three characteristics; first, it provides access to a wide variety of markets, it increases perceived customer benefits and lastly it is hard for competitors to imitate.

Figure 4.2. Showing the Performance Trend of Sales Revenue/Gross Profit for the period 2006 - 2011



Source: Research Data (2012)

The above figure outlines the recovery steps turning round the company from2006 [loss 750 million on sales of 3.5 billion] and 2007 [sales of 4.5 billion and a loss of 256 million], to 2008 [sales of 6.8 billion and profit of 95 million], and 2009 [sales of 8.2 billion an profit of 420 million]. Uchumi got a non-cash tax credit Kshs. 250 million that boosted their 2009 profit to 420 million. The profits before tax during the year 2011/2012 (Kshs 403 million) dropped by 21.7% from the 2010/11 level of Kshs 515 million. Earnings per Share stood at Kshs 1.03 per share, down from Kshs 1.47 in the last financial year. The balance sheet however grew by 23.6% (or Kshs.937 million), from Kshs.4,005 Million in 2010/11 to Kshs. 4.942 Million in the year 2011/2012.

The company's strength and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological postures and brand identification. The strength of competitive forces in an industry determines the intensity of industry competition and profitability. Uchumi has therefore proven to have recovered financially due to the application of the various sustainable competitive strategies and strategically positioning itself in the highly competitive market.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of major findings for the study and the conclusions made by the researcher based on the major findings. The chapter then presents recommendations made by the researcher and concludes by suggestions for further study.

5.2 Summary of Findings

The objective of the study was to establish how Uchumi Supermarkets has used strategic positioning to gain sustainable competitive advantage in the retail chain industry in Kenya. The focus of the study was therefore on the causes of business decline at the supermarkets chain and the competitive advantages employed to revive the Uchumi Supermarkets.

The analysis of the findings thus focused on the strategies used by the company to gain and sustain strategic advantage among its competitors. First, the company adopted five competitive advantage strategies including, rebranding, customer service, recapitalization, sales management and cost maximization.

In addition, to the above five strategies, the management of Uchumi supermarkets decided to enhance internal customer i.e. staff morale by ensuring better pay package, continuous training and staff performance recognition.

Finally, the supermarket chains has developed it strategic plan which is aimed at sustaining the obtained strategic advantage for the next five years by adopting a number of major business decisions. These include, there is a team, approach thus empowerment of all stakeholders, site analysis and appraisal before setting up a new branch; product assortment; use of previous knowledge from customers' feedback at every branch thus catering to their specific needs and use of pioneer suppliers thus quality products on the shelves.

In addition, the supermarket chain is encouraging customer loyalty programmes like the U card and gift card and use of marketing and positioning slogans like '*Tujenge Uchumi wetu.*

5J Conclusions

It can be concluded from the findings of this study that the return of Uchumi supermarkets to its lost glory has been made only possible by use of proper strategies, and support from the stakeholders including the staff, the management, shareholders and even the government.

Due to the fact that companies differ, it is therefore, paramount that the strategies that are put in place to revive a company are conscious and suitable to that particular situation. The diversity of resources from finances, human resources, management, knowledge, infrastructure to experience, and how they are strategically put in place, determines the company's future successes.

One can therefore conclude that with proper selection, implementation and sustainability of good strategies, a written company may still come back to profitability and cut out its niche in any industry.

5.4 Recommendations

Based on the findings of this study, the researcher recommends that regular review of the Uchumi supermarket's performance and the strategies implemented be done.

Further, it is recommended that out of the five major strategies adopted by the company, i.e. rebranding, recapitalization, customer service, cost management and sales maximization, an in-depth study should be done to further expound on these strategies and concepts in order to give an in-depth analysis of the same.

This will in turn have a focus on these strategies and their contribution towards sustainable competitive advantage.

5.5 Suggestions for Further Study

Based on the findings and conclusion of the study, the researcher suggests that a further study to be carried out to investigate the role of other factors affecting and influencing a company's ability of gaining and sustaining strategic advantage for better organizational performance.

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APPENDIX I: THE INTERVIEW GUIDE

PART 1: GENERAL INFORMATION

1. The name of the respondent (optional)
2. What is your position in the company?
3. How many years have you worked for Uchumi Supermarket Ltd?
4. What department do you work in?
5. What is your department main role?

Part 2: SUSTAINABLE STRATEGIES FOR COMPETITIVE ADVANTAGE

Chief Executive Officer

1. What were the main causes of business decline?
2. What were signals that the business was on the decline?
3. What sustainable competitive strategies did you put in place?
4. What implications did these strategies have on the company?
5. What challenges did the strategic process pose to the company?
6. How was the implementation of the strategies planned?
7. How were other employees involved in the implementation process?
8. What are the indicators of the sustainable strategic positioning success?
9. What mechanism did you put in place to ensure continued success of the strategies?
10. Where do you see Uchumi Supermarket Ltd in the next five years?