STRATEGIES ADOPTED BY HERITAGE FOODS KENYA LIMITED TO GAIN A SUSTAINABLE COMPETITIVE ADVANTAGE

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DECLARATION

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

Signature …………………………… Date……………………………

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D61/72710/2014

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

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DEDICATION

I dedicate this project to the Almighty God for giving me the grace to undertake it, to my Fiancée, Kenn Githinji for his encouragement and moral support; to my family: my father Peterson Muriuki, for all his sacrifices to enable me achieve my academic goals; my siblings, Sarah Muriuki & Susan Muriuki for their encouragement and moral support; and in memory of my late mother, Rosemary Njeri, for being an inspiration to me.

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ABSTRACT

In recent times, the concept of sustainable competitive advantage has taken centre stage in discussions of business strategy. One of the major challenges organizations face today is how to create a sustainable competitive advantage. In most cases a selected strategic stance will do the job, since some strategies are perceived as both highly relevant and meaningfully, the ability for any one strategy to standout in a competitive category will guarantee the success of such organization. While there are numerous business strategies, identifying effective strategy can be especially fruitful in gaining and sustaining a competitive advantage. Strategy details a step by step blueprint of an organization. It sets out the intended goals in the organizations and the required approach for attaining the vision. The strategy facilitates improvement on performance for the organization through maximization on the strength of the organization and diminishing competitors. The paper sought to investigate the influence of adopted strategies on sustainable competitive advantage in Heritage Foods Kenya Ltd. The research objective was to determine the extent to which strategies adopted by Heritage Foods Kenya Limited lead to a sustainable competitive advantage. The study used a case study research design. The study targeted a total population of 5 senior managers of HFKL in Kenya. Secondary data was used for the study. To obtain the data, the study used structured questionnaires which were administered to key respondents. Content analysis was used to analyze data to arrive at analytical conclusions. The study revealed that most employees appreciate the role of strategy in gaining a sustainable competitive edge of HFKL. On the basis of these revelations, HFKL should formulate clear strategies and measures that can enhance the organization’s competitiveness.

CHAPTER ONE: INTRODUCTION

1.1 Background of study

Organization's strategies detail its step by step blueprint. They set out the intended goals in the organizations and the required approach for attaining the vision. They also facilitate improvement on performance for the organization through maximization on the strength of the organization and diminishing competitors. Strategies adopted by an organization must be appropriate for its available resources, objectives and economic forces in play. The organization must integrate its organizational activities, utilize and allocate the scarce resources within its environment in order to meet its present objectives. Strategic planning, more than anything else, is what gives direction to an organization (Mintzberg, Quinn & Ghossal, 2009).

This study is anchored on two theories that drive the concept of strategies as used in organization to gain a sustainable competitive advantage, which are the resource based and the market based views. The resource based view reasons that a firm's competitive advantage lies in its resources. The link between a sustained competitive edge and firm's resources is examined. For a sustainable competitive advantage, the firm's resources are required to be heterogeneous and immobile. It is paramount that the resources have the following features; Value, Rarity, In-imitable and Non substitutable. The theory argues that the firm must maximally utilize the available resources in order to maximize its profitability.

The market based view emphasizes on the development of the organization by the conditions presented by the market. It is critical for any company to align its policies to match the environment where the company operates. The policies determine which products are suitable for specific markets for the best outcomes. Likewise, competitiveness depends on the organization of activities such as capitalization of aspects that favor the organization over other competitors. Such conditions include barriers of entry into the business. The market is first analyzed and using the outcome, the firm is able to design a structure and strategy to be adopted for maximum profitability.

The pet industry in Kenya is growing at a fast rate. With increased humanization of pets, more households are keeping pets for various purposes including security and for companionship. More income is being spent on purchasing quality pet food. While the number of companies manufacturing pet food is on the rise, there is a limited research on the pet food industries. This creates a gap that is ideal as well as important for the success of the industry. Strategies that would be best adopted need be explored. Resources that are paramount for the success of the industries need to be clearly highlighted.

1.1.1 Concept of strategy

Strategy is any plan used by an organization to gain a competitive edge (Pearce and Robinson, 2000). Any analysis in the organization must address activities of competitors. Ansoff and McDonnel (1990) term strategy rules and regulations which direct the behavior in an organization regarding decision-making. The strategy guides how the firm performs as well as interaction with external conditions affecting performance.

The firm operates in an environment that is very turbulent and the changes that take place in an environment greatly influence the business activities. Strategy helps the firm relate to its environment and serves as a guide to the organization on what it is the organization is trying to do and achieve (Johnson and Scholes, 1999). Mwenda (2007) notes that without strategies, it becomes challenging to gain the competitive edge in the immediate environment of operation. The competitive edge is crucial in leading a market with other rivals providing similar services successfully.

Therefore, a strategy determines how well an organization fits into a market and meets the set objectives optimally in the same environment of operation. Porter (1998) expressed competitive strategy as an extensive exploration a position that gives an organization better competitive edge in a market, which is the primary venue for contest. In addition, he stated that the strategy strives to make the business beneficial financially increasing any chances of future growth in a competitive field. Achieving this strategy requires changing of policies to fit the shifting environment to shun any negative outcomes such as making losses.

1.1.2 Sustainable competitive advantage

A competitive edge refers to the ability of an organization to engage in something that its rivals cannot do or when an organization owns something that the competitor lacks. Competitive advantage provides an advantage over competitors and a unique chance to conduct business extensively and increase the overall worth of the firm and shareholders. Competitive advantages differ from firm to firm. An organization can have a competitive advantage for only a period of time when the rival firms are able to copy and implement the firm's strategies. This automatically leads to the firm losing its competitive edge over the longer term. Hence, it is important that an organization develop and nurture a sustained competitive advantage.

The unique features or attributes of the firm could be natural resources, highly trained and skilled personnel or even access to advanced information systems. The attributes must have life; the competitors should not be able to copy or imitate these attributes. In a case of an organization targeting cost leadership, the production expenses need to reduce through strategies such as investing in technology, employing cheaper labor or outsourcing cheaper raw materials in an effort to cut down costs. When goods produced by an organization differ from those in the market that are produced by competitors, the organization gains differential advantage which is possible through advanced technology, protected patents or superior brand identity. Strategy as perception; formation of ideologies determines the stand in an organization. Employees in an organization that promotes risk taking work harder to meet the expectations of the employers in developing new and innovative products.

1.1.3 Pet food industry in Kenya

Worldwide, the pet food industry is emerging to be a lucrative business priding itself to be recession proof. Pet owners generally tend not to eschew pet food purchases even in the times of economic turbulence. Increased pet humanization in the recent years is further supporting the demand and thereby increased sales of pet products. Pet humanization has further led owners to seek value adding quality foods. Value for money spent has become paramount. Until recently, dogs were considered for guarding the house, finding mice, catching mice and other tasks. The pet food industry has played a vital role in transforming the perception of pets, along with social media and the internet.

Kenya sells pet food from abroad for about $960, 000 annually although these imports almost tripled starting the year 2006. During this year, the market grew by 26%. The country importers may raise imports for the coming years because the number of pets is growing whereas the demand for particular kinds of pet foods and related products is greater. Some data presented by Euromonitor International shows that the number of dogs and cats among other pets increased by almost 3% each year in Kenya. In 2012, there were about 9 million pets in Nairobi (Diaby & Kamau, 2011).

The pet industry in Kenya faces a variety of challenges, including competition from global markets, restructuring by down-sizing, technological changes, mergers, acquisitions, as well as increased demands and awareness from customers. These intensifying challenges have forced organizations to adjust their structures, systems, and processes to safe guard the existence and survival of their business (Peach, 2009).

1.1.4 Heritage Foods Kenya Limited

Heritage Foods Kenya Limited (HFKL) is a local manufactures and marketer of popular dog food. The locally owned company is competing closely with the imported brands and with local brands at a smaller scale. It has been in operation from 2009 when it began as a humble indigenous firm. It has its stronghold in some market niches more so attributed to its competitive prices along its consistent tradition of quality. HFKL's mission is to "develop safe, healthy, and fun products for dogs and their owners" (HFKL, 2016). The company combines world-class industrial design and engineering with rigorous market research to produce innovative products, which satisfy identified needs in the market. To position itself to address the market needs, HFKL has been innovative and offered patent and management brand that has rigorous product design as well as marketing experience.

Currently, the firm has formed a distributors' network across the nation given its quality services and effective delivery. The company faces stiff competition from imported brands mainly Nestle, Bewi, Britannia, Pedigree, Wagg, Proctor & Gamble, GlaxoSmithKline Con, KRBL, Hatsun Agro among others (Money Control, 2016). Locally competing companies include sigma feeds, Gilani, and Robeliz agencies. The trend has raised the concentration on the health of the pets, nutrition value of the products sold, the weight of these pets and general wellness. Also, the pet food industry is using the elevated penetration of the e-commerce segment, thus offering clients more flexibility plus ease in purchasing. However, there is still unmet demand, which HFKL should try to fill through quality product offerings.

1.2 Research Problem

The external environment is very dynamic and therefore a firm needs to be receptive to the changing environment. Superior performance will only come as a result of implementing the competitive sustainable strategies (Shoemaker & Amit, 1994). In a joint research, Barlett and Ghoshal (1987) studied companies and made a conclusion that the issue with many organizations is having inappropriate strategic intent or inadequate understanding of environmental forces. According to the finding, they know what they need to do but their difficulties are coming up with appropriate strategies to achieve those changes. Besides, 70% of the strategies laid down by majority of companies end up failing (Miller, 2002).

Several studies have been undertaken on the area of sustainable competitive advantage in different organizations. However, there are no studies that touch on the feeds industry. Dziwornu (2013) analyzed the factors influencing the competitive advantage of broiler agribusinesses in Ghana. The researcher employed a multiple regression analysis and found the main factors affecting the Ghanian agribusinesses is the cost of feed and that of day-old chicks, which make up around 72%.

Mokamba (2007) carried out a study that obtained responses of large manufacturing firms from Kenya that operating with East Africa. He found that the regional integration of the EAC creates both challenges and opportunities that provide an attractive investment region for all companies. The EAC offers various business opportunities in different sectors such as the agriculture, horticulture, infrastructure, building and construction, mining, housing and financial sector. The companies have the required capability for exploiting the perceived opportunities in the EAC. Kasyoka (2010) studied how Safaricom Kenya Limited used strategic positioning to attain sustainable competitive advantage. The study revealed that the company was using a combination of several strategies that include cost leadership, differentiation, focus, pricing, market penetration and product choice strategy. Musyoka (2011) analyzed competitive strategies that Kenol Kobil limited had adopted in achieving sustainable competitive advantage and established that diversification is a key strategy adopted at Kenol Kobil to give it a competitive advantage.

It is evident from the discussion that the pet food industry is growing. Therefore, pet food companies including HFKL must be innovative and efficient enough to match the growing demand. However, given the many animal feed companies in the market, competition is inevitable. What is more, customers are keener on the quality of the products they are purchasing. This means that HFKL must utilize strategic marketing techniques to offer high-quality products at reasonable prices and acquire a sustainable competitive edge. Increased research is necessary to unveil what entails a sustainable competitive advantage. The study aimed to bridge the gap by focusing on strategies employed by HFKL and find out if these strategies put in place offer a sustainable competitive advantage. In other words, it identifies the strategies that HFKL has adopted in developing sustainable competitive advantage.

1.3 Objective of the Study

Determining the strategies that Heritage Foods Kenya Limited has adopted to gain a sustainable competitive advantage is the objective of the study.

1.4 Value of the Study

In this study, results that provide an insight to the subject of strategic management as well as other related areas of study, marketing and organizational studies at a theoretical as well as a methodological level will be generated. Insight into the world of pet food industry will contribute to our knowledge of various strategic issues that are unique to the industry. In particular it will illuminate the intricate relationship between sustaining a competitive edge and formulation as well as implementation of good strategies.

To the management of HFKL, they will obtain more sense of what their market looks like from the perspective of an external stakeholder. This insight may be utilized in adjusting their strategy to meet the needs of their pet food customers. The entire company will be benefit because it will know its current strengths and opportunities and capitalize more on what they are best at. Besides, they will know their weak points and threats in the market and hence devise strategies to handle the same in a bid to remain relevant in the market.

Finally, the study is expected to produce suggestions for policy makers regarding pet food industry in Kenya and even globally. Limited work has been done to regulate, develop and implement policies promoting trade of Pet foods resulting in prohibitive and discriminating legal requirements. As such, insights gained should assist in developing strategies and policies that promote local manufacturers while discouraging imports.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, the literature that existing on strategies, strategic managements as well as sustainable competitive advantage will be summarized and used to gain more insight on the topic of study and what others have researched on the topic. The chapter aims at establishing connection between the problem and past studies in the same field. The important resources used include research papers, internet sites such as websites, books and journals.

2.2 Theoretical foundation

In an attempt to explain competitive edge, there are theories used in management for the recent past. The chapter will focus on some of the theories in the field. Currently, competitive advantage is a phenomenon since there is no theory that has enough scope to capture the different elements of the cause and effects relationship in many strategy formulation areas. This study is based on the following theories;

2.2.1 Resource Based View (RBV)

RVB reasons that firms should apply tangible resources and valuable interchangeable at their disposal to gain a competitive advantage (Chen, L. 2012). These resources do not need to be perfect mobile for a firm to develop a sustained competitive advantage from the short-run competitive advantage but only require them to be heterogeneous in nature. This means that company need to put great effort to make their valuable resources both perfectly imitable and substitutable. Organization's distinctive capability determines its success. Companies with such capabilities have attributes that no one else can replicate. The RVB leans towards a firm exploiting its unique resources in order to sustain a long run competitive advantage. Organizations have capabilities that can be transferred from one business to another. These include; labour, skills, knowledge, intellectual property etc. they form the basis of competitive advantage. In a diversified firm, these resources can be used to achieve synergy between the various business units and hence give the organization an edge (Anderson and Reeb, 2013). In a resource based view (RVB) the primary reason behind achieving a successful competitive advantage a constant supply of valuable resources in the organization (Chen, L. (2012).

The RBV points out that firms controlled by families operate under the influence of families. The day to day interaction in the firm develops an idiosyncratic organization with capabilities with a common reference of "familiness" (Claessens & Fan, 2012). The connection is unique in all aspects of operation including packaging of resources.

2.2.2 Market Based View (MBV)

This view argues that firm performance is primarily determined by both the external market orientations and industry factors (Caves & Porter 1977; Bain 1968; Peteraf & Bergen 2003, Porter 1980, 1985, 1996). The competitive situation characterizing firms' end product strategic position dictates their sources of value. Their unique sets of resources, which are different from the rivals, characterize their strategic position.

In other words, the way a firm performs its activities differently from others defines its strategic position.

When Chen, L. (2012)was addressing the development of strategic thinking, he include a phase on the industrial organization economics that developed the positioning school of theories of theories and strategy, which are also applicable in the Market Based View (MBV).The focus on this phase was on the firm's external and environment factors. Studies have observed that companies' performance rely heavily on the industry environment. In these studies, researchers assessed strategy while considering the entire industry and the position of the companies in the market relative to their opponents. In response, firms need to understand their respective industries in order to win a competitive advantage. Therefore, firms need to assess the external environment when making an overall assessment of their own competitive advantage.

2.3 Sustainable competitive advantage

A feasible competitive edge in a company relies on the available assets, the reputation in the market and availability of resources that make it possible to generate innovative goods that dominate the market. With such characters, the firm will stay on top of competition and lead the market.

2.3.1 Brand acquisition

A brand acquisition is a corporate action in which a company buys an existing brand from its parent company and assumes full control over the brand. By buying the company, the new owners enjoy the established markets by the company as well as processes that build the brand.

In Kenya, many companies have resulted to mergers and acquisitions in order to increase their performance and remain profitable. The Flame tree pick up 60 employees and four brands from Snacks and spices manufacturer (nature's own brand), Chirag Kenya, with the aim of growing its revenue base. The company manufactures mobile toilet seats, Zoe body lotion as well as plastic water tanks. After the acquisition, the firm gained a platform to help it grow into the food industry, allowing it implements its diversification strategy and broaden its portfolio. Flame also signed an agreement to acquire Suzie Beauty line of Cosmetics brand. Flame tree has been realigning and refocusing its product portfolio in a bid to remain relevant in the market. In 2008, South African food and healthcare company Tiger Brands acquired a 51% shareholding in Kenya's Haco Industries. Tiger intended to use the acquisition as a springboard to east Africa region while Haco sought to shield and defend its market from cheaper imports.

Firms can acquire brands in many ways; they can either acquire the company's brand name or its full ownership. When a firm obtains the ownership, it owns all the assets belonging to the brand including the employees, distribution channels, and the logo, among others. Buying the brand only leads to acquisition of the name and logo as well as the expertise involved in producing the product and every detail such as market information.

2.3.2 Cost leadership

As indicated by Daft (2011), retailers are trying to enhance service levels, product offerings, and pricing models to create sustainable over the competition in the retail industry. Hambrick (1989) contends that the fundamental measurement of the cost authority technique is efficiency, how much data sources per unit of yield are small. Subdivision of efficiency occurs into two classes: cost efficiency, which measures how much expenses per unit of yield are low, and resource stinginess that measures how much resources per unit of yield are small. Combined, cost efficiency and resource stinginess measure an organization's cost leadership orientation to the degree that organizations would be able to boost their financial performance followed the efficiency strategy of minimizing costs and assets required to achieve desired sale (Miller, 1987; Hambrick, 1989; Porter, 1980). Such firms give careful consideration to resource utilizes worker profitability and optional overhead. By gaining competitive advantage through minimizing expenses and resources per unit of yield, such firms can attract more customers due to their low-priced products (Hambrick, 1989).

Dynamic pricing that varies in real-time to reflect shifts in competitive pricing, buying patterns and contextual factors is one of the current complexities. Successful firms offer prices different from their competitors thereby not only setting them apart but also becoming a price leader. To find an acceptable pricing level, a firm has to strike a balance between quality and pricing.

2.3.3. Market Focus Strategy

Focusing depends on selecting a market niche where purchasers have particular inclinations. Geographical uniqueness, particular necessities in utilizing the product or unique attributes that appeal to individuals can define a niche(Stone, 1995) and firms target a fragment of the market in its focus strategy (Porter, 1996). Focusing can be based on a geographical are service line, product range or select clients (Martin, 1999). For instance, according to Stone (1995), service firms tend to concentrate exclusively on the servicecustomers. Likewise, focus depends on embracing a narrow competitive scope within a given industry and then operates in the unattractive/overlooked/niche markets to increase market share. Factors like buyer behavior, geography and product specifications lead to the rise of niches.

Porter (1980) reveals that a large enough industry segment with growth potential but abandoned by major competitors determines the success of a focus strategy. Penetrating and developing markets are also important tofocusstrategies. Large and midsize firms use both differentiation or cost leadership and focus strategies at the same time. The effectiveness of focus strategies is optimal when customers have particular inclinations and adversary firms have not sought after the niche (David, 2000).

2.3.4. Differentiation Strategy

Differentiation approach is viewed as situating a brand so that it is different from the opposition and build up an image that is unique (Davidow & Uttal, 1989). It aimed at offering one of a kind items that are portrayed by principal components like quality, innovation, and client service to gain competitive advantage. Factors such as the product or its delivery system differentiate items whereby values are added for customers to pay a premium. Developing and maintaining ingenuity, innovativeness, and hierarchical learning inside a firm are the essential success factors of differentiation (Ireland et al., 2001; Porter, 1985).

Kotler (2001) notes that anything that firms can do to create a customer, presents a potential reason for differentiation. Once customer value has been established, attributed have to be added to the product at reasonable costs to either raise its performance or make it more economical to utilize. Possibilities for differentiation can arise anywhere within the activity value chain (Dess & Davis, 1984). When the cost of creating product value exceeds that of creating value for consumers through efficiency or differentiation strategy, then a firm can gain a competitive advantage (Porter, 1980, 1985).

On the one hand, conformity leads to similar organizations intensifying competitive pressure while on the other; differentiation improves performance by reducing competitiveness and battle for rare assets. Benefits and leading positions created by differentiation continue until imitation creeps in resulting in the restoration and creation of new opportunities resulting in new entry barriers and a new competitive advantage.

2.4 Empirical Review

A number of researchers have carried out studies on competitive sustainability across numerous contexts and sectors all over the world. In Kenya specifically, a study by Arasa and Githinji (2014) which primarily focused on the competitive sustain ability in the telecommunication sector and more specifically on Safaricom, revealed that many service stations apply differentiation as a method of attaining competitive advantage over other competitors. Murage (2011) on the other hand, focused on competitive sustainability by petroleum companies in Kenya. The study established that to remain competitive, petroleum companies in Kenya use various competitive sustainability strategies and concluded that one of the major strategy used by this firms is expansion into other areas by opening new branches. Gathoga, (2001) also conducted a study of competitive sustainability of real estate companies with the view point of Porter's generic model. The outcomes from these studies suggested that companies in different sectors across the globe adopt varied competitive strategies that are exclusive in each and every context.

Zekiri and Nedelea (2011) conducted a study on strategies for achieving competitive advantage in Romania. In the study it is asserted that if a firm aims at pursuing the strategy of cost leadership, then it has to produce at low cost. It is further posited that a company can gain in production costs, economies of scale as a result of proprietary technology, and cheap raw material etcetera. In the same light, it is stated that the purpose for the strategy of cost management is for the firm to produce at lower costs compared to its competitors. This underscores the importance of work efficiency. The cost leadership strategy is very attractive for companies as it offers the firm better opportunities in profit making and also helps the firm to be very resilient in the event the enterprise enters a war of prices with competitors.

Ge and Ding (2005) during their study on market orientation, competitive strategy and firm performance amongst Chinese entities, pointed out that enhancement of quality strategy is considered to emphasis on enhancing and improving the quality of a product and/or service. However, against this backdrop, previous researchers cautioned that focusing on competitors and customers could contribute to inertia and can discourage groundbreaking innovations (Jaworski & Kohli, 1996). On a positive note, Han et al. (1998) concurred that firms that focus on shifting markets stretches to new ideas and innovative solutions, and that market orientation is considered as one of the key factors that distinguish between operational and ineffective innovations. In the same light, it is posited that the concentration on quality ought to be moved from a process-driven to a customer-driven discipline.

Kwasi and Acquaah (2008) conducted an empirical study on manufacturing strategy, firm performance and competitive strategy in Ghana. The author noted that firms in this sector should become more competitor and customer-focused by coming up with strategies to build positive relationships with customers as well as the suppliers, enhance quality, and also enhance distribution and delivery of their products within the given market segment. In a study of insurance firms in Kenya, it is noted that both cost and differentiation focus strategies are usually adopted in a constricted market segment (Kiragu, 2014).

Cole (2004) examined various strategies for competitive advantage and identified cost leadership as one of them. It is asserted that producers, for instance in the agricultural sector; typically operate in a product and price-driven market where all actors produce essentially the same products. The author observes that in such situations, the final winners are the ones offering cost-efficient products. The foregoing implies that business enterprises operating in a price-sensitive market have for a long period of time relied on approaches that focus on low production costs and higher volumes. Cole's study further emphasizes that one of the reasons why a business succeeds is by ensuring that its costs are a bit lower compared to its competitors and the desire to keep looking for cost reduction means even when the business is profitable.

There is no study available that address the competitive strategies adopted by HFKL in Kenya.

2.4.1 Brand acquisition strategy

Marketing scholars contend that the key source of CA and superior business performance for the consumer companies is to build a strong brand portfolio (Cole, 2004). Cole adds that, conventional brand portfolio growth approaches have not only covered new line extensions, brand acquisition and brand formation, but also co-branding. The industrial growth logic that most companies either extend brands, buy brands or build brands (Porter, 1985) has begun to be combined with a plan of in-sourcing brands under the umbrella of entrepreneurial brand founders through external business venturing (Cole, 2004).

A helpful perspective for interpreting the strategic role of brands derives from the consideration of issues and procedures contributing to the growth of firm-level competitive advantage (Porter, 1985). The RBV highlights the conceptual foundations for finding a mix between brands and sustainable competitive advantage in two distinctive ways; first, firms are seen as unique bundles of tangible and intangible resources in which brands comprise a valuable intangible strategic asset (Cole, 2004). Secondly, RBV emphasizes on the role of the portfolio of hard-to-imitate resources, idiosyncratic and capabilities as the essential contributors of the performance of a company (Barney, 1991). Strong, iconic, disruptive brands conform to many of the criteria proposed by strategic management scholars like Porter (1985), Barney (1991) and Grant (1991) for recognizing rent-generating capabilities and resources or sustained competitive advantage in the sense that they are: valuable; enable firms to explore opportunities via range and line extension; rare in the context of the industry especially if disruptive brands; costly to copy; and without close strategic substitutes.

Brands are typically seen as a tool to achieve marketing objectives such as increasing repeat purchase or household penetration. The ability of strong brands to command market share, create barriers to entry to facilitate diversification, cope with market disruption, source and retain talent, and stimulate innovation has been widely acknowledged. All these matters transcend marketing and are of strategic management and corporate entrepreneurial concern.

2.4.2 Cost Leadership strategy

Arriving at cost leadership typically necessitates firms to be aggressive in the creation of resources not only through vigorous hunt of cost reductions and efficient scale amenities by use of experience, avoidance of peripheral customer accounts, tight cost and overhead control but also through cost minimization in sectors such as sales force, service, advertising, and R&D. When struggling to reach an overall cost leadership position, lower cost than that of competitors is the theme dominating the entire strategy (Cole, 2004).

As pointed out by Porter (1985) low cost position has been found to give firms a defense strategy from their competitors due to lower costs that enable them to earn returns even after their competitors have given them a run of their many to reduce their profit through rivalry. It is also argued that a low cost position of the firm defends it against powerful buyers with the influence of driving down the prices to match other efficient competitors. Low cost positioning of the firm also protects it from superior suppliers as it makes the firm to be more flexible in coping up with input cost upturns. The factors contributing to a low-cost position also tend to offer substantial entry barriers when considering cost advantages and scale economies (Ge & Ding, 2005).

2.4.2 Market focus strategy

Market focus has attracted considerable interest from marketers and researchers in recent times. Focusing begins by selecting a market niche where buyers have distinctive requirements and preferences. Various factors can define the niche such as specialized requirements in product consumption, geographic uniqueness, or special product attributes capable of appealing the niche members (Porter, 1985). A focuser can eye either lower production costs relative to his competitors or ability to offer the niche members a product or service different from other competitors as the basis for gaining competitive advantage. A strategy grounded on low operation cost is relevant if there exists a buyer segment with needs that are less expensive to satisfy compared to the overall industry. On the other hand, a differentiation focus plan is relevant where a buyer segment that wants unique product attributes exists (Cole, 2004).

Numerous cases for companies that have used a focus strategy to get a cost breakthrough are reported. For instance, discount stock brokerage houses have managed to lower costs by concentrating on clients mainly concerned with buy-sell transactions and who are willing to sacrifice the financial services, investment research and investment advice provided by firms offering full-service (Ge &Ding, 2005). Carrying out a cost advantage through a focusing strategy will work well where a firm finds ways to reduced costs by restricting its client base to a well-specified buyer segment.

2.4.2 Differentiation strategy

Porter (1980) defined differentiation strategy as the act of developing something that the entire industry perceives as unique, in other words, diversifying a firm's product or service. Companies may achieve differentiation in various ways such as via their design; technology, brand image, features, dealer network and customer service (Ge & Ding, 2005). Bases of differentiation can be categorized into three classes. Firstly, a company may pay attention directly to the attributes of a product or service to implement differentiation such as product complexity, product features, the time of introducing the product, or its location. Secondly, a company may emphasize on the relationship between the business and the customers. Finally, a firm may implement differentiation by concentrating on the connection between or within firm that includes linkage with other firms, product mix, linkage within functions of a firm, service support and distribution channels and service support. Preferably, the firm should distinguish itself along various dimensions (Cole, 2004).

Barney & Hesterley (2006) maintains that, product differentiation is a manifestation of the creativity of the workforce within the companies. It is restricted only by the existing opportunities, or those that can be created in a specific industry, and the willingness andability of firms to creatively discover ways to take advantage of such opportunities.

According to Porter, differentiation can produce competitive advantage as it offers protection against competitive rivalry as result of brand loyalty by customers and the resultant lower sensitivity to price. It also escalates margins that eliminate the need for a low-cost position. The need for a competitor to overcome uniqueness and resulting customer loyalty create entry barriers. Cole (2004) further suggests that differentiation produces higher margins with which to deal with supplier power, and it clearly mitigates buyer power, since buyers lack comparable alternatives and are thereby fewer prices sensitive. Finally, the firm that has differentiated it to achieve customer loyalty should be better positioned vis-à-vis substitutes than its competitors.

2.5 Summary of Empirical studies and knowledge gaps

The literature reviewed in the sections above present mixed findings on the effect of strategies adopted by firms in gaining competitive advantage These studies have not tested the causal linkages of all the strategies and consequently their joint impact on competitive advantage. This study will address the identified gaps by investigating the joint effect of brand acquisition, cost leadership, market focus and differentiation strategies on competitive advantage in HFKL.

Studies by Arasa and Githinji (2010); Murage (2011); Gathoga, (2001) focused on the competitive strategies in various sectors and their research studies revealed varied findings. These studies reveal that firms in different industries adopt different competitive strategies which are unique in each context. No study has been done on competitive strategies adopted by HFKL in Kenya

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodological approach the researcher adopted in investigating the strategies adopted at Heritage Foods Kenya Limited to gain a competitive advantage in the Pet food industry. It discusses the techniques and procedures that were used in the data collection, data processing and analysis of data. The chapter also includes the research design, data collection procedure and the data analysis technique.

3.2 Research design

This research utilized the case study design as the research strategy in which a market analysis was done on the Kenyan pet food industry. This is appropriate since it is a research method that emphasizes in depth rather than breadth analysis. A case study provides detailed information about a particular subject that it would not be possible to acquire through another method. The significance of a case study is stressed by Kothari (2004) who acknowledged that a case study is a powerful form of qualitative analysis that involves a careful and a complete observation of a social unit, irrespective of what type of unit is under study.

According to Yin (2003), the identified case/unit may be examined using exploratory, explanatory, or descriptive case studies. For this study, the descriptive case study will be the best approach to take. A descriptive case study is helpful in creating a document, which elucidates the complexities of an experience (Mayring, 2003). This approach helped the researcher create a comprehension of HFKL as the bounded system.

3.3 Data Collection

Collecting data using techniques in the case study approach is advantageous because multiple data collection tools may be employed. The study used both secondary and primary data. Primary data was obtained from five heads of departments at HFKL using interview guides. They included the General Manager, Production manager, finance manager, project manager and operations manager.

These respondents were efficient in providing the required data since they are in a leading role and they ones who are directly involved in strategy formulation and implementation within the company. Secondary data was collected from existing archival records such as annual reports, recordings, print and social media, journals and audited. The researcher accessed the online archives, which have free access to gather more data.

3.4 Data Analysis

Data analysis is essential for comprehending results from case studies, surveys, and pilot studies. It assisted in understanding the current issues and those likely to happen in the future and the way of presenting the study outcomes to the audience. Hartley

(2004) believes that data collection should happen together with analysis in an iterative procedure in the case study strategy.

Content analysis was used to analyze the respondents' views on the strategies employed and their perceived view of the impact of these strategies on the firm's performance in the industry. Content analysis was used preselected sampling units to produce frequency counts and other insights into data patterns. To carry out effective analysis, written or recorded materials were analyzed step by step, following rules of procedure, devising the material into content analytical units. Content analysis approach ensured that any unanticipated themes would be given the opportunity to emerge from the data. The data was then presented in a continuous prose as a qualitative report. The data obtained was then compared with existing literature in order to establish areas of agreement and disagreement in order to ascertain the facts.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter displays the results of the analyzed data and the discussion of the key findings from the research for each specific objective as stated in each section. A successful interview was held with key respondents from Heritage Food Kenya Limited. Various questions were posed to the respondent in relation to the objectives. The researcher managed to interview the intended people whose response helped in the achievement of the objectives of the study. The main study variables that include sustainable competitive advantage and strategy adoption by Heritage Foods Kenya Limited were the basis of the data analysis.

4.2 Response Rate

In this study 4 interviews were conducted successfully giving an achievement rate of 80 percent. The response rate of 50% would be considered good to support the analysis of the results and reporting (Mugenda & Mugenda, 2003).

In this research, the response rate was excellent. This was attributed to the fact that the research targeted reliable senior managers of the selected firm who included the general, finance, project, production and operations manager. These respondents were considered efficient in providing the required data since they are in a leading roles and they ones who are directly involved in strategy formulation and implementation within the company. The study used the existing archival records such as recordings, print and social media, and journals, audited and annual reports to collect secondary data. The researcher accessed the online archives, which have free access to gather more data.

4.3 Strategy adoption

Strategy adoption dimensions were measured on the basis of a clear understanding of strategy, strategy formulation, role of strategy and strategy adoption process. The researcher used open ended questions requiring respondents to provide detailed explanations for each question. The following section discusses the findings of each element.

In consistent with Porter's research, the study reveals that there are three attributes responsible for the explanation of the firm success. First, the company needs to come up with consistent set of functional policies and agendas that are internally consistent, which collectively defines its value and position in the market. The findings interpreted a strategy as one of the ways of integrating different activities from the various departments in an organization, including the production, marketing, procurement, finance and research, among others. Organizations need to develop mutually reinforcing and explicit agendas and functional policies to neutralize the interdepartmental and intradepartmental forces that make the responsible departments to move in different directions.

The results revealed that those internally consistent policies align the company's strengths and weaknesses that exist within the industry or external threats and opportunities. In response, a strategy was seen as the way of aligning a firm and its environment.

Finally, the study portrayed a firm's strategy that emphasize on the creation and utilization of its distinctive competences as condition for success. Although organization can gain position in many different ways, a company's choice is essential. Many firms find choosing a unique position from its competitors. This is because they must avoid replication, which is a threat to competitive advantage, and consider logical inconsistencies in carry out different scopes or several types of advantage concurrently.

Although study did not reveal a direct association between brand positioning and competitive advantage, the findings indicate that the two dimensions are important in choosing and focusing on overall marking strategy. A firm is likely to be in a poor strategic situation if it flops to develop its strategy in any of three directions and it may end up having low profitability. Such firms are said to be stacked in the middle and they are likely to either lose many customers who call for low prices or must tender away their profits to make the business compete with low-cost firms.

The largest firms are usually those leading the market in terms cost leadership and the smallest are the focus strategy or differentiation, whereas those stacked in the middle are medium sized. HFKL can be classified a market leading firm on the basis of the current study. In response, the study discovered organizations can reconcile strategies successfully only under extreme circumstances; they must exhibit total commitment to effectively implement any of these generic strategies. It is also important for any firm to select and adopt one of these three suggested strategies as targeting more than one of them can dilute the organizational arrangements.

An effective strategy formulation and strategic positioning demand a good understanding of the industry structure. Industry structure drives competition and profitability. Porter (1979) posits that there exist five forces that drive the company structure and shape the external competition: powerful customers, powerful suppliers, competition among existing rivals, threat of other new entrants and threat of substitutes. Understanding these competitive and their underlying causes can help a business to know the roots of the current profitability in an industry and ultimately develop a framework for influencing and anticipating profitability and competition overtime.

The competitive force or forces that are much stronger will have the highest influence on the profitability of an industry and should be considered as the most important when it comes to strategy formulation. The study findings suggest that three competitive forces affect the Kenyan Pet Food Industry. These are powerful customers, threats of new entrants and competition among existing rivals threat of substitutes. Over the years, the rivalry in the pet food industry has become intense as both the local and the foreign firms fight for the market share and dominance.

Powerful customers, however, seems to be the greatest competitive force that define the profitability of the Kenyan pet food industry. This could be in line with the industry being a product industry. Other reasons that make the customers have a strong bargaining power are that the industry products are standardized and not very undifferentiated, few switching cost and high government regulations and policies favoring customer. The new consumer protection act further strengthens the customers' bargaining power. HFKL has experienced growth in revenues, customer base and market share. The company had a thirty eight percent rise in net profits for the year end 2015 compared to 2014. This increase in profits was from growth in consumer purchases, which the firm had been targeting and has been exploiting for future growth. The 2015 results placed the company among the industry leaders in the country. Thus, this chapter presents the strategies HFKL has adopted, challenges faced and a contrast with other empirical studies.

4.4 Sustainable Competitive advantage strategies

As widely acknowledged, a firm will claim to have a sustained competitive advantage when its rival firms' plans to imitate its resources fail, or when barriers to duplicate its actions expire without necessarily disrupting its competitive advantage, or when it is not cheap for others to imitate it. Studies have established that an organization can improve its performance and competitive position by using a strategy successfully. It is argued that there is this widely held belief amongst management of different firms that any advantage in performance occasioned by strategic posture of the organization is beneficial in terms of performance.

The study aimed at establishing the competitive strategies employed by Heritage Foods Kenya Limited in Kenya. Of those who participated in the research, majority indicated that HFKL employed brand acquisition strategy, followed by product differentiation strategies and low cost leadership strategy; few indicated that HFKL employed specific market focus strategies. In addition to the strategies mentioned, added strategies stood out of the study. These include brand differentiation, corporate social responsibility, customer relation management, organization culture, and innovation and digitization.

Businesses achieve sustainable success because they possess some advantage relative to their competition. HFKL strategic intent is in line with its mission, which is to develop products, which are healthy, fun, and safe for the dogs plus their owners. The company expects to do this by building a sustainable business over the long term and be trusted worldwide through building stronger relationship with its clients and consumers. Over the years, HFKL has adopted various strategies that have enabled it to remain competitive.

4.4.1 Brand acquisition strategy

It takes years to build a brand and only seconds to destroy it. A brand can be referred to as an imperceptible resource that a company can use to obtain a modest edge and especially in conquering and retaining customers' loyalty. Customers offer their loyalty with the implicit understanding that the brand will behave in certain ways and provide them with consistent benefits and performance.

A company is capable of providing a meaningful framework through the repetition of branding to establish an active relationship with its new and old customers. To make customers remember a particular company and its products, the company must have a successful variety strategy and sensitize customers on what to expect when using their products. Porter (1980) suggested differentiation as one of the three generic strategies that a firm can adopt. Porter further suggested that strategic differentiation involves differentiating an organization from its competitors in ways that are sustainable in the future.

Brand superiority can be one of the plans in which a company can set itself separately from its rivals. HFKL acquired one of its top performing brand from an international company. This acquisition has seen the company gain confidence in the market place leading to its increased success in the sector. From the research, it is obvious that HFKL values its brands and is one of its key competitive advantages. The firm's brands are identified with excellent financial performance and sustainability. HFKL brand promise is revealed as an innovative, patented product, as well as a management brand that has extensive product design and market experience. HFKL believes that in order to have sustainable growth and fulfill their brand promise, it must be prudent in its strategies that are not overzealous in projections. True to their brand promise, the firm has been in operation for many years in Kenya.

4.4.2 Cost leadership strategy

The study reveals that HFKL adopts cost leadership strategy. It enjoys a low production cost relative to its competitors and its objective is to maintain an overall industry cost leadership. As mentioned earlier, a company needs to be aggressive in constructing efficient scale facilities and vigorous in pursuing cost reductions in order to attain cost leadership through overhead and tight cost control, experience, avoiding of marginal customer accounts, and minimizing cost in areas like service, R&D, advertising and sales force. It a standard practice to aim for low costs relative to competitors is through an entire strategy that attempts to realize an overall cost leadership position.

Identifying the benefits of a firm with low-cost position is necessary for business to understand how gaining overall cost leadership strategy can help them generate superior profitability. As proposed by Porter, such a position gives the firm a protection against competition from rivals, because its reduce costs meaning that the company can still earn incomes after its competitors have used most of their earnings on rivalry. Firms at low-cost position are able to defend themselves against powerful buyers as such customers can exert power only to demand lower prices to match the level their most efficient competitors. Low cost also offers a defence against influential suppliers by allowing a firm to have more flexibility when coping with increases in input cost.

Finally, firms at this spot enjoy a favourable position when considering substitutes compared to their business rivals in the industry. Because cost advantages and scale economies tend to shield a firm against powerful suppliers and buyers, as well as providing substantial entry barriers, attaining a low overall cost position will often requires a company to have a relative high market share. In short, cost advantages can give value to a firm by cutting the five threats of rivalry, entry, substitutes, buyers and suppliers.

The Barney (1986) arguments that there are six sources of cost advantages for firms that successfully assume cost leadership are consistent with the research findings. This cost advantages include economies of scale and size differences, diseconomies of scale and size differences, learning-curve economies and experience differences, access productive resources through differential low-cost, policy choices and technological advantages irrespective of firm’s scale. Moreover, the authors expound on the ability of a successful cost leadership strategy to breed a sustainable competitive advantage, stating the necessary condition to being both rare and costly to mimic.

Based on the likelihood of rarity, the author classified the sources of cost advantage mentioned above into two categories rarity. The first one is those “likely-to-be rare” and they include the Leaving-curve economies of scale that mostly applies for emerging businesses, access productive resources through differential low-cost and technological software. On the other hand, the classification considers economies of scale, technological hardware, diseconomies of scale, and policy choices as “less likely to rare” cost advantage. Likewise, the sources of cost advantage are generally considered to be less or more replicable. For a firm to realize a sustainable competitive advantage, it is necessary that its competitors cannot imitate its strategy easily. Therefore, competitors find duplicating some sources of cost advantages to be difficult and costly, including the technology software and differential access to cost productive resources or inputs. Learning economies and technological hardware may be costly to duplicate if they are proprietary.

4.4.3 Product differentiation Strategy

Differentiation involves creating products or services that the industry as a whole perceive as being unique or the firm differentiating what it offers. The HFKL use the concept of differentiation in various ways like in it design, technology, features, brand image, dealer network and customer service. The study sorts the bases of differentiation into three categories. The first one involves implementing differentiation where a firm directly focus the attributes of its products or services such the timing of product introduction or location, product complexity and product features.

Secondly, the study reveals that product differentiation strategy focuses on the connection between itself and the customers such as through consumer marketing, product reputation and product customisation. Finally, firms can implement differentiation by concentrating on the linkage between or within firms like the linkage with other firms, within functions of a firm, distribution channels, service support and linkage product mix. Ideally, there are several dimensions that a firm can use to differentiate itself, other than those mentioned in above examples. In fact, Barney & Hesterley (2006) support the research findings by arguing that a firm that use product differentiation expresses the creativity of its employees. The only factors that limit this differentiation are the existing opportunities or things that are perceived can be created in a specific industry and the ability and willingness of the firm to creatively expound on their approaches to benefit from such opportunities.

The study further supported the postulations of Porter (1980 in his argument that differentiation can lead to superior profitability. There as on for this is that it create brand loyalty by customers that offers insulation against competitive, resulting to lower sensitivity to price. It also avoids the necessity for a low-cost position by increases margins. The resulting need for a rival to overcome uniqueness and customer loyalty create entry barriers. Differentiation bring forth higher margins that help a firm to cope with supplier power, and it clearly alleviates buyer power, since customers lack comparable alternatives, making that less prices sensitive. HFKL has differentiated its activities to achieve better positioned and customer loyalty in relation to substitutes compared to its competitors. Apart from sinking the five threats of rivalry, substitutes, entry, suppliers and buyers, it creates value by allowing a firm to sell its product at a premium price that is higher than the addition cost brought by the differentiation.

When considering the cost leadership approach, the study indicated that successful diversification of resources within the firm requires that the strategy be costly to imitate and rare. Therefore, costly and rare differentiation approaches can be seen as sources that can help firms realize sustainable competitive advantage. As aforementioned, Porter (1980) reasoned that the ability of firms come up with innovative ways to differentiate their products determine the rarity of their differentiation strategy. In other word, creative firms always find a way to distinguish themselves from other companies in the industries. As competitors strain to copy these firms' move towards differentiation, creative firms will be busy working on another new move. As a result, these companies will always stay one step before their competitors make a move. Generally speaking, the differentiation strategists argue that many firms find to be very costly to copy include links between timing, functions, location, distribution channels, reputation, support and service. Furthermore, links with other firms, product mix, product customisation, consumer marketing and product complexity are other bases of differentiation that may be costly to duplicate subject to circumstances.

When planning to employ a diversification strategy, an organization requires put particular consideration to its management controls, structure of the organization, cost leadership strategies and compensation policies. As aforementioned, implementation and organizational arrangements tools should reinforce the strategy besides fitting it. The study highlighted the most skills and resources that firms require for implementing differentiation to be strong marketing abilities, creative flair, product engineering, strong capability in research, technological leadership or corporate reputation for quality, unique combination of skills utilized by other businesses or long traditional in the industry, and effective cooperation from channels. Moreover, ensuring that R&D functions maintain strong coordination, advocating for subjective measurement and incentives rather than quantitative measures, focusing on product development and marketing, and offering amenities that attract highly skilled labour are some of the common organizational requirements.

Furthermore, the findings propose that the structure of the organizational that supports differentiation may be characterised by cross-functional and cross-divisional development teams, isolated pockets of powerful creative efforts and complex matrix structures. Policy of experimentation, far-reaching management decision-making guidelines and managerial freedom within guidelines may be an indication of management control system that reinforces differentiation. Finally, a compensation policy that support differentiation may be characterized by creativity, multidimensional performance measures as well as rewarding risk-taking as opposed to punishing failures.

4.4.4 Market Focus strategy

The main of focus strategy has been found to be serving a particular section of the food industry as opposed to the entire cost leadership and differentiation strategies which seek to realize their objectives in the wider food industry. For example, a company can decide to serve a particular buyer group of their product within a particular geographic market and for this reason set out a strategy to achieve a low cost approach or differentiation position to enjoy competitive advantage over her rival competitors from the standpoint of its slim market segment.

4.4.5 Challenges that HFKL has faced in implementing Its Strategies

Implementing a strategy is more challenging than formulating it. The study revealed a few challenges that HFKL has faced in its strategy formulation and implementation. These include organization structure, time constraint, financial constraints and macroeconomic constraints. HFKL has a complex organization structure and hence takes time to make strategic decisions and following the extensive procedure is also an interruption to strategy implementation. Political and economic factors have also been a major challenge. During the times of election, the economic and political outlook is volatile and has a lot of uncertainty. Regional expansion is also a challenge due to the different social, political, legal and economic factors in different regions. Fast pace and change in technology has made some products obsolete before their value is realized. The rate and investment required to put in place some strategies is also a challenge. The firm has had to capitalize heavily in promotions and marketing in order to build consciousness of its merchandises.

4.5 Discussion

This section discusses the research findings relative to empirical studies. The section is therefore divided into two, comparison with theory and comparison with empirical studies.

4.5.1 Comparison with Theory

According to Keegan and Green (1997), cutthroat exists when a match between a firm's distinctive capabilities and the aspects critical for attainment of success within an industry exists. This is consistent with our research findings. Brand loyalty is difficult to overcome when consumers feel that the brand entails the precise product characteristics and superiority at the right price. For HFKL to remain competitive on brand loyalty, the firm needs to ensure that it is abreast with technology, which it seems to be doing from the research findings. Low staff turnover is also a key factor in ensuring customer loyalty. Porter (1980) suggested four standard business strategies that every business should embrace in order to gain competitive advantage; differentiation, cost focus and differentiation focus.

From the finding of this research, we can identify strategies in which HFKL has utilized. These include brand loyalty, innovation, market differentiation, organization culture and prudence. All these have made HFKL capture unique markets, which are very loyal. Wernerfelt (1984) RBV suggests that firms have diverse resources and capabilities which if are non-substitutable, rare, inimitable and, can contain a source of sustainable competitive advantage. HFKL has utilized its unique resources to stay ahead of its competitors. HFKL is well known for its innovation. Technological Innovation is a valuable internal resource that HFKL has utilized to achieve a competitive advantage.

4.5.2 Comparison with other Empirical Studies

Research studies carried out in the past by other researchers such as Simiyu (2011) on strategies adapted by Equity Bank to develop sustainable competitive and Maina (2011) on growth strategies adopted by Ecobank Kenya Limited indicated that organizational success are linked to their strategies in which they have put in place and cannot operate successfully without developing strategies that define their long term direction and objectives. Well defined and implemented strategies can help an organization to remain successful and have a competitive edge over its competitors. The main goal of the research was to investigate the strategies that HFKL has adopted to achieve a defensible competitive advantage.

The findings of the study were similar to other empirical studies. The results indicate, just like the previous empirical studies, that superior strategies are positively correlated to sustainable competitive advantage. The empirical results of this study indicate that the different competitive strategies undertaken by HFKL have had an impact on its success. The company has been able to remain competitive in the Kenyan pet industry for many years by developing clear and superior strategies based on the available resources and the external environment.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Introduction

This chapter presents the study summary as guided by the specific objectives, conclusions and recommendations for action and future research direction.

5.2 Summary

The main goal of this project was to investigate strategies adopted by HFKL to realize competitive advantage in Kenya. In chapter one of the project, the background of the study was well outlined. It covered adoption of strategies employed to gain competitive advantage.

The statement of the problem was that there is paucity of empirical evidence indicating the relationship between strategy adoption and gain in competitive advantage in HFKL. The purpose of the study was well outlined and objective to guide study was developed. The significance of the study was well outlined. Literature was reviewed in chapter two under the following sub-topics; theoretical underpinning, the concept of strategy, competitive advantage and summary of literature review.

Chapter three presented a descriptive survey design to the study. The target population was five key senior managers of HFKL. Content analysis which is mainly used to analyze open ended data was used to present the results.

The results of the study indicate that HFKL has adopted various strategies to enhance its competitiveness and include brand acquisition, product differentiation, cost leadership and market focus. The findings further show the positive correlation between the competitive advantages and the various strategic approaches employed by HFKL. According to the findings of the study, the various strategies adopted by HFKL have a positive and significant impact on its performance both over a short period or long period of time.

A significant observation is that brand acquisition and cost leadership are the key strategies behind HFKL leading position in the industry. Acquisition of a well known and trusted superior brand coupled with their differentiated range of other brands as well cost leadership as strategies adopted, has put HFKL as the market leaders in pet food industry. In addition, technology and digitization has greatly improved the processes of production and processing customer orders. Pet food dealers are competing on leading the industry in producing quality feeds. The numerous technological innovations adopted have reduced costs of operations and services which have on the other hand assisted in savings. Technology and innovation has also enhanced the products offered and improved customer service. Branding has also been a causative factor in the pet food industry.

5.3 Conclusion

The study revealed that changes in the external environment affect strategy formulation. Globalization, political factors, economic factors and change in technology have been one of the main factors affecting pet food companies' strategy formulation. This has compelled them to shift to these competitive contests by adopting several operating and marketing strategies so as to be responsive enough in the progressively dynamic business setting. The empirical consequences of this study indicate that the diverse competitive approaches undertaken by HFKL have had an impact on her competitive advantage. Prominent among the strategies is the brand acquisition strategy.

The study finally deduced that HFKL has brought on board excellent policies that is geared towards the long-term profit realization by the firm in Kenya. The study also realized that the pet food firms operating in the country can exploit readily available resources to achieve the unprecedented competitive edge over their rivals. The results reveal the importance of RBV theory in sustainable competitive advantage and competitive strategy. RBV theory contends that firms are diverse in nature and that a firm's competitive advantage is not limited to possession of treasured assets that its rivals do not own. The existence of exclusive resources can gear the firm to improve its performance than her rival companies hence achieve sustainable competitive advantage. This is evident in the pet food industry in that different firms have put in place different strategies based on their exclusive means to gain a competitive edge.

5.4 Recommendations

HFKL and similar companies can therefore, come up with superior strategies in the following two ways; the first approach is to identify the existing opportunities within the business setting so as to adapt resources and expertise in order to take advantage of these opportunities. The other way that can be used to realize competitive advantage is by leveraging the resources and expertise of the organization to yield newer opportunities. The research study found that current competitive strategies embraced by HFKL plays a significant part in shaping the pet food industry; however, the adoption rate varies from one firm to the other hence the variance in their performance in the market. It is therefore recommended that the firms and researchers should increasingly invest in research and development to come up with innovative strategies so as to identify the available unique resources and capitalize on them if they want to achieve industry sustainability.

Another key finding from this research was that, it is more challenging to implement strategies compared to formulating them. It is therefore recommended that the key stakeholders in the pet food industry; specifically the employees and shareholders be actively involved in the formulation and implementation of such strategies. This will not only enhance their understanding of the direction the organization is headed but will also make them feel part of the team.

More research is therefore suggested on the concept of matching organization configuration to its strategy. With numerous research studies on the topic, the formulation and Implementation of strategies can be enhanced. This involves designing an organization structure within the firm to handle tasks that are most crucial to the success of a firm's plan.

5.5 Limitations of the Study

The study was grounded on the need to establish the relationship between the various competitive strategies adapted by HFKL to their sustainable competitive advantage. Given the research topic and the variables selected, the study is expected to have included an analysis of sizeable number of firms. However, the researcher had limited time and also lacked enough material resources to make this possible and for this reason the study concentrated on just one pet food company. The researcher was also not able to get all the information and data from the various sources and especially from primary sources. Conducting interviews was difficult due to the stringent firm's policy and the fear of information being shared with competitors or misrepresentations of information obtained. Despite these challenges, the validity of the findings emanating from this study was not compromised.

5.6 Suggestions for Further Research

A suggestion for areas of further research is on long term strategies that pet food companies can implement to remain competitive and grow the industry. This is because change in technology, easing of regulations, globalization and change in customer rights is changing the dynamics of the industry and therefore creating more threats. Further research is also recommended on implementation and the evaluation phases of strategies. This is because the research came across various challenges and factors affecting strategy implementation of HFKL. The study established that strategy implementation is more challenging than strategy formulation.

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APPENDICES

Appendix I: Interview Guide

An interview guide on Strategies adopted at Heritage Foods Kenya Limited to gain a competitive advantage. To be filled by the General Manager strategy, Production manager, finance manager, Project manager and Operations manager.

Section 1: General Information

1. Gender Male ( ) Female ( )

2. Highest level of education…………………………………………………………......

3. Department……………………………………………………………………….....

4. Position held…………………………………………………………………………...

5. Number of years of service in HFKL…………………………………………….......

Section 2: Strategy

6. What is your understanding of strategies?

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7. What are some of the strategies adopted Heritage Food Kenya Limited?

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8. How are strategies formulated and implemented at the Heritage Food Kenya Limited?

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9. What are the roles of strategy formulators in Heritage Foods Kenya Limited?

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10. What are some of the skills that a strategy formulator should possess?

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Section 3: Competitive advantage

11. What is your understanding of a sustainable competitive advantage?

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12. What are the key competitive areas in the pet industry?

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13. What resource does Heritage Foods Kenya Limited boost of that is unique? …………………………………………………………………………………………

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14. What does Heritage Foods Kenya Limited do to ensure that its competitors do not adopt the unique resource?

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Section 4: The relationship between strategy and a competitive advantage

15. In what ways has strategies influenced a competitive advantage in your firm? …………………………………………………………………………………………

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16. How does Heritage Foods Kenya Limited ensure that its competitive advantage is long term?

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17. How does Heritage Foods Kenya Limited encourage employee participation in strategy formulation and implementation?

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Section 5: Dealing with challenges of Strategy adoption and implementation

18. Which are the challenges faced when formulating and implementing strategies in Heritage Foods Kenya Limited?

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19. How do you deal with these challenges?

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Thank you for your valued time and response!