

**STRATEGIES ADOPTED BY CARREFOUR LIMITED TO ACHIEVE
SUSTAINABLE COMPETITIVE ADVANTAGE.**

BY

LESLIE SAMBULI

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DECLARATION

This research project is my original work and has not been submitted to any academic institution for examination.



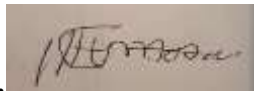
Signed.....

Date....25/11/2020.....

Leslie Sambuli

Reg No: D61/36312/2020

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



Signed

Date...1st

December 2022.....

Professor Evans Aosa

Faculty of Business and Management Sciences

University of Nairobi.

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I am grateful to the Almighty God who has guided me through the entire master's degree. Furthermore, I am grateful for the guidance and assistance I received from my project supervisor, Professor Evans Aosa, without him this research would not have been accomplished.

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DEDICATION

The research project is dedicated to my family for their sacrifice, motivation, and support in helping me succeed in my MBA program.

TABLE OF CONTENT

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
TABLE OF CONTENT	v
ABSTRACT.....	vii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Concept of Strategy.....	3
1.1.2 Competitive Advantage	4
1.1.3 Retail Industry in Kenya.....	5
1.1.4 Carrefour Limited.....	6
1.2 Research Problem.....	7
1.3 Objectives of the Study.	9
1.4 Value of the Study.....	9
CHAPTER TWO	11
LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Theoretical Foundation of the Study.....	11
2.2.1 Porters Theory of Competitive Advantage.....	11
2.2.2 Resource-Based View.....	14
2.3 Strategy and Competitive Advantage.....	15
2.4 Empirical Studies and Research Gaps.....	17
CHAPTER THREE	20
RESEARCH METHODOLOGY.....	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Data Collection.....	21
3.4 Data Analysis	21
CHAPTER FOUR.....	23

DATA ANALYSIS, RESULTS AND DISCUSSION	23
4.1 Introduction	23
4.2. Background information	23
4.3 Strategies adopted to achieve competitive advantage	23
4.3.1 Competitive strategies	23
4.3.2 Sustained competitive advantage.....	26
4.4 Discussion of the findings	27
4.4.1 Comparison with theory	27
4.4.2 Comparison with other empirical studies	27
CHAPTER FIVE	29
SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS.	29
5.1 Introduction	29
5.2 Summary of the findings	29
5.3 Conclusion.....	30
5.4 Recommendation.....	30
5.5 Limitation of the study	31
5.6 Suggestion for further research	31
REFERENCES	32
APPENDIX.....	38
Appendix 1: Interview guide.....	38

ABSTRACT

Organizations operate in a turbulent and dynamic environment that bring about various challenges and increased competition. As a result of intense competition and increased challenges, organizations need to adopt new strategies to stay competitive. The purpose of the study was to explore strategies adopted by Carrefour Limited to achieve sustainable competitive advantage in Kenya. This research was guided by Porter's theory of competitive advantage and the resource-based view. The research made use of a qualitative research design. A Case study was utilized since the study's focus was a single organization. Data was collected using interview guides with open ended questions that facilitated collection of more information. The collected data was subjected to an analysis using content analysis. This enabled the researcher draw realistic comparisons and make inferences. The study established that Carrefour had adopted the following cost cutting measures: elimination of non-critical company undertakings by merging various departments, leveraging on their personnel to be effective and industrious, reduced the number of staffed employees, capitalizing on merchandisers and reduced the number of outsourced parties. The retail store has participated in immense research and design because it operates in different geographical areas with different cultures, tastes and preferences. The study concluded that cost leadership was the primary strategy being implemented while differentiation and focus were implemented as their secondary strategies. The research also concluded that cost leadership influenced competitive advantage to a greater degree. It is of importance for Carrefour to invest in growth competencies, resources, research and technology because so as to keep evolving in order to guarantee sustainable advantage. The study concluded from the findings that the company had attained economies of scale and its service design is tailored to meet customer needs. The retail store undertook research and design in order to understand customer needs in terms of quality and preference. The study's limitations were due to the scope of the study which was limited since other industry players were not included in the study. There were other challenges like misunderstanding of the interview questions and delayed responsiveness from the respondents. The respondents could not share some information in depth due to the company's stringent policies and fear that information will be shared to their rivals. The study recommends that Carrefour should deploy a variety of competitive advantage strategies that complement each other in the quest to attain competitive advantage besides the generic strategies. The researcher also recommends Carrefour to consider both its internal and external environmental factors as they are critical in determining strategic choices since this will dictate the capabilities and the potential of a firm. By focusing excessively on external factors, a company becomes reactive rather than proactive.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In order for a firm to stay competitive, it needs to formulate and implement effective strategies. Strategy is a game plan by which a firm positions itself in a particular industry so that it can succeed in its endeavors. Strategy also pertains to the long-term direction and scope of an organization. It seeks to attain an advantage through efficient management of resources in a rapidly changing business environment in order to meet market demands and satisfy stakeholder expectations (Johnson et al., 2020). Strategy links a firm to its external environment (Mintzberg et al., 2003). Porter (1985) suggests that for a firm to attain above average performance against the industry forces that dictate competition it should implement competitive strategies.

He further suggests that competitive advantage is important to a firm's strategic approach, thus for a firm to attain such superiority it should make strategic choices on the type of advantage they want to achieve and their ability to achieve it. Strategic choices are based on how to attract and please customers, compete against other industry players, position a firm in an industry, manage every functional business unit, achieve a firm's goals, and ensure operational efficiency and effectiveness (Thompson et al., 2021).

An organization's strategy serves as a link between the organization and its external environment. Therefore, for an organization to remain competitive in the business environment, it is important to develop a strategy that effectively matches its capabilities with its environment as well as builds upon its distinctive competencies.

This study was be guided by Porter's theory of Competitive advantage and the Resource-based view. Porter (1980) states that for a firm to achieve above-average performance in the long run, it should implement one of the three generic strategies or risk wasting precious resources. These strategies are cost leadership, differentiation, and focus. The Resource-based view explores linkages relating to a firm's resources and Sustained Competitive Advantage. As reported by this theory a firm's resource and capability attributes are the driving factors of superior performance. (Omalaja & Eruola, 2011). Barney (1991) suggests that these resources should bear the following features; Valuable, Rare, Inimitable, and Non-substitutable.

The Kenyan retail sector has experienced rapid growth in recent years. There are many retail chains in the industry and the growth is anticipated to continue. Consequently, major players within the industry have faced threats of exit. Many new local and foreign investors are establishing retail chains in the sector. The increased growth is due to the changing lifestyles of the growing middle class, urbanization, and market liberalization. This has promoted increased competition in the retail sector. The threat of major players exiting the industry is due to the competitive environment, operational issues, and financial difficulties (Chesula & Nkobe, 2018). Though Carrefour is among the largest retail chain stores and is expanding its stores to different regions, it operates in an environment characterized by dynamism and turbulence.

1.1.1 Concept of Strategy

Strategy is a vital component of strategic management and is critical for an organization's success. It is a multidimensional concept that cannot be contained in one single definition. Strategy is a top management game plan to develop and sustain a competitive advantage (Parnell, 2013). Strategy is also explained to be the direction and scope of a firm over a long period. Strategy is, therefore, a road map for conducting an entire firm's operations (Thompson et al., 2021). An organizations strategy is often characterized by a summary of its vision and mission statement, values, scope and the organization's capabilities to deliver its deliverables. (Johnson et al., 2020). Organizations built around a strong vision, mission and values are said to be more powerful and they command commitment from its human resources. It is important to distinguish between an organizations vision, mission and values since they all propel an organization into the same direction (Mahdi et al., 2015).

Strategy links a firm to its external environment (Mintzberg et al., 2003). It also describes an organizations core business and the attempts undertaken to attain sustainable competitive advantage. This is realized when a firm responds to opportunities and threats while considering its strengths and weaknesses. By implementing competitive strategies, organizations build strategic initiatives and a superior advantage in its marker (Grant, 2018). According to Porter (1985) a competitive strategy aims at establishing an advantageous and sustainable position in an industry despite the available factors that influence competition.

A well-crafted strategy is characterized by an organization's long-term direction, business domain, values, expectations, strategic fit, and a competitive advantage. Consequently, for a well-crafted strategy to be successful, it should be implemented accordingly by ensuring it is fully operationalized and institutionalized (Johnson et al., 2020).

Strategy exists in an organization in three levels; corporate, business, and operational. They are all linked together, meaning each level needs to be aligned. The corporate-level strategy is immensely involved with a firm's entire scope, business domain, resource allocation, and value addition. Business level strategy is concerned with how a firm's business units will compete in their respective markets. For this reason, the business-level strategy is often termed a competitive strategy since it is mainly concerned with issues such as; innovation and response to competitor moves. Thus, the principal focus of business-level strategy is effectiveness. On the other hand, operation-level strategies are majorly concerned with how each element of a firm effectively and efficiently delivers both corporate and business-level strategies with emphasis on available processes, resources, and workforce. (Johnstone et al., 2020)

1.1.2 Competitive Advantage

Competitive advantage is a firm's ability to surpass competitors' performance (Grant, 1996). This advantage is also a basis for value creation and a firm's long-term success. According to Grant (2018) this advantage is the ability of a firm to earn persistently higher rates of revenues in a market where two or more firms are competing within the same industry. Thompson et al. (2021) suggest that an organization achieves such advantage when it has a creative and distinctive strategy that meets customer needs better by ensuring effective and efficient operations.

Competitive advantage involves offering customers what they perceive to have a superior value compared to a competitor's offering. It may also refer to giving customers the same value as other players in the industry but at a lower price. As long as rival players do not match or surpass this advantage, then it is sustainable. (Thompson et al., 2021). Porter (1987) notes that competition influences organizational success or failure and dictates the appropriateness of its activities, which contributes to their performance. He suggests that a choice of strategy should consider an industry's attractiveness for long-term profitability.

1.1.3 Retail Industry in Kenya

The Kenyan retail sector has emulated the world's major economies. Pioneers in the Kenyan retail industry include Uchumi and Nakumatt supermarkets, founded in the late 1970s and 1987, respectively. Other key retail chains in the Kenyan sector include Tuskys, Ukwala, Chandarana, Eastmatt, Naivas, Clean shelf, Quickmatt, and Choppies supermarket. However, some retail stores, including Tuskys, Nakumatt, Ukwala, Uchumi, and Choppies supermarkets, have struggled to stay afloat due to operational issues and financial difficulties. Recently, changes in the economic and business environment have exposed several entities to collapse or be at the brink of collapse. This is due to Kenya's dynamic business environment (Chesula & Nkobe, 2018).

In 2020, the Kenyan retail industry recorded subdued performance due to the tough operating environment brought about by the effects of the coronavirus pandemic. This is evident by how the industry players like Choppies, Shoprite, and Tuskys scaled their operations in Kenya. Tuskys also faced financial issues in the same period. (Cytton 2020).

In 2021, the retail sector in Kenya recorded an increase in its market activities. This is apparent by the aggressive expansion of local retailers and entry of international retailers into the Kenyan market as opposed to the previous year. Some of the retailers who have been expanding aggressively include; Carrefour, which opened new stores in Nairobi, Kisumu, and Kwale. Naivas supermarket opened new stores in Kisumu, Eldoret, Nairobi, Kilifi and Nakuru. Quick Mart also opened new stores in Nairobi and Eldoret, while clean shelf supermarket opened a new store in Nakuru. East Matt opened more stores in Nairobi, while Chandarana Food Plus opened a new outlet in Eldoret and Nairobi.

The expansion and new entries in the Kenyan retail sector have cushioned the sector's performance by taking up the prime retail spaces evacuated by troubled players in the industry like Nakumatt, Tuskys, Uchumi, and Choppies. It has also led to an increasing trend toward e-commerce which has been on the rise as most customers embrace online shopping. (Cytonn, 2021).

1.1.4 Carrefour Limited

Carrefour is a French-based multinational retail corporation headquartered in Massy. It boasts of being among the largest retailers globally by revenue and operates various chains of hypermarkets, grocery, and convenience stores in over 30 countries. It opened its first supermarket in France at the crossroad of Avenue Andr'e and Avenue Parmelan. In June 1960. In July 1963, Carrefour opened its first hypermarket in France, offering a wide range of products at low prices. From 1993 to 1997, it continued expanding internationally by opening stores in Italy, China, and Poland. In 1999 Carrefour became the second-largest retail business globally, with more than 9,000 retail stores and 240,000 staff members.

At the start of 2000, Carrefour launched its online supermarket with over 6,000 products and started bolstering its position in different countries, through targeted acquisitions in Brazil, Argentina, Spain, Belgium, Poland, and Romania (Carrefour Group). In 2013, Carrefour entered the African market by developing its stores in the west and central Africa. In May 2016, Carrefour opened a shop in Kenya and it has more than 13 outlets that are located in the Nairobi suburbs. The company focuses on both food and nonfood items. Due to the failures and exit of retail chains that previously dominated the Kenyan market, the chain store expanded its businesses by occupying the vacated retail spaces and the market share left behind by the pioneers of retail chain stores in Kenya like Ukwala, Uchumi, Nakumatt and Tuskys. In September 2020, Carrefour announced that it would continue expanding its business to other cities like Mombasa. (Carrefour Group).

1.2 Research Problem

Organizations achieve competitive advantage by crafting and successfully implementing workable strategies. (Allen & Helms, 2006). For a firm to develop effective strategies, it is imperative to understand its competitive environment. Porter (1987). He further states that Firms can attain superiority by implementing strategies that are not simultaneously implemented by their potential competitors. Companies that achieve competitive advantage are viewed as successful. These strategies exist in a wide range and thus are not limited to a specific organization. A firm's choice of strategy and how it will position itself in an industry is dependent on its competencies, resources and how well it will assess its industry. (Thompson et al., 2021).

The Kenyan retail sector has undergone various changes. With the outset of technological advancements, shift in buyer needs, change in market conditions, and emerging market opportunities, players in the Kenyan retail sector have witnessed an increase in competition. Carrefour is not immune to the increased competition since other retail chains are opening shop in close proximity of its stores and they are offering similar products and services.

Several studies have been carried out in the field of competitive advantage. Somiah et al. (2021) undertook a study on strategies for competitive advantage on indigenous construction firms in Ghana. They concluded that there are twenty-one critical success strategies that lead to competitive advantage. The strategies were further grouped into four major components. These are contract, tender, client-centered, and branding strategies. Guandaru (2019) studied strategies that were adopted by Fly 540 Aviation to achieve sustainable competitive advantage. She concluded that the company utilized focus strategy and capitalized on its economies of scale. Koech (2021) studied strategies that were adopted to achieve competitive advantage by Brookside Dairies limited in Kenya. The study established that the firm utilized both cost leadership and differentiation strategies to attain a competitive advantage. Cost leadership was their primary strategy while differentiation was the firm's secondary strategy. BBitok (2015) studied strategies that were adopted by Equity Bank in Kenya to achieve sustainable competitive advantage. He established that the company utilized both cost leadership and differentiation to attain a superior advantage in its industry.

From the forgoing studies it is clear that organizations strive to achieve competitive advantage and that organizations employ strategies to achieve such an advantage, however it is also clear that different organizations utilize different strategies in their quest for competitive advantage. Carrefour is among the leading chain stores in Kenya and it is operating in a competitive retail sector. It is expected that it has adopted strategies for competitive advantage. What strategies has Carrefour Limited adopted to achieve sustainable competitive advantage?

1.3 Objectives of the Study.

The objective of the study was to establish strategies adopted by Carrefour Limited to achieve sustainable competitive advantage in Kenya.

1.4 Value of the Study.

The research findings will be useful to practitioners, researchers and policy makers. Practitioners will substantially gain from this study since it will enable them to adopt competitive strategies to achieve sustainable competitive advantage. They will be able to evaluate and determine if their strategies in action are sufficient and effectual in making sure that existing and potential challenges are swiftly pinpointed and dealt with accordingly before they negatively impact the organization.

Additionally, researchers will benefit from the study as it contributes to the field's growing knowledge base concerning strategies aimed at achieving competitive advantages, in particular, how retail stores strategically respond to the dynamic, volatile, and turbulent environment by utilizing their available resources and core competencies to craft and implement competitive strategies. It will also be an invaluable resource to researchers by forming a basis for further research.

This study will provide policymakers with insights into the reason behind retailers' competitive strategies, and thus help them formulate better policies. Recommendations from the research will enlighten Carrefour on its competitive edge, thus it will help them enact effective policies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theoretical framework of the study is presented in this chapter. It also covers the basis of strategy within organizations and the interrelation between strategies with competitive advantage. It further presents an analysis of previous research papers in the same study area and focuses on the research gaps.

2.2 Theoretical Foundation of the Study

The study was guided by Porter's theory of competitive advantage and the resource-based view.

2.2.1 Porters Theory of Competitive Advantage.

Porter (1980) introduced the five forces framework, which determines competitive rivalry in a specific industry. The framework encompass; supplier and buyer's bargaining power, threats of substitutes, new entrants, and rivalry among competitors. This framework establishes how attractive an industry is. The attractiveness of an industry implies the overall profitability businesses can attain. An industry is said to be unattractive where all these five forces hinder an overall profitability of businesses. Porters' framework aids businesses in understanding better the context within which they operate in. Hill et al. (2014), suggest that an organization achieve competitive advantage when it is able to earn profits that are above the industry's average.

They further indicate that there are four factors that will enable a firm to acquire and ensure continuity of such an advantage. These include: high quality goods, efficiency, customer responsiveness and innovation. Porter's five forces can be applied to any market and they impact a firm's cost, price, investments, and return on investment. Buyers' bargaining power influence the prices that firms can levy for a service or good, and supplier bargaining power influences raw material costs and other inputs. Hence, such determines a firm's production cost.

The threat of new entrants relies on the investment needed to enter a particular market, and the threat of substitutes relies on how products can easily be substituted. Consequently, these forces determine the competitive intensity of an industry and its attractiveness. Firms find it difficult to operate in industries where the forces are strong and when rivalry is intense rather than when they are weak.

Porter (1980) states that competitive advantage is an organization's superior position in a market vis-a-vis its competitor. Porter suggests that for a firm to possess such an advantage, it should apply either of the three generic strategies. These are low-cost, differentiation, and focus strategies. These are low cost, differentiation and focus strategies. Where the latter includes cost focus and differentiation focus. A company performs best and achieves competitive advantage by choosing and concentrating on one strategy. If not, its risks being stuck in the middle, having strategic mediocrity and below-average performance (Porter, 1985).

A firm may choose to use a cost leadership strategy where it becomes the lowest-cost producer due to economies of scale. This eventually attracts mass sales because of attractive pricing. This strategy enables a firm to have a broad scope and serves many segments in the industry. Cost advantage sources are dependent and varied on an industry's structure. The sources include; economies of scale, technology, and raw material access. If a firm chooses differentiation strategy, it seeks uniqueness in its industry along some dimensions that customers value. Therefore, a firm chooses specific attributes different from its rivals from which it will differentiate itself. Differentiation strategy target markets are usually not price-sensitive. If a firm chooses focus strategy, it selects a segment in its sector and focuses on serving them by excluding others. Focus strategy includes cost and differentiation focus. Therefore, if a firm chooses cost focus, it will peruse a cost advantage in its targeted segment. In contrast, if it chooses a differentiation focus, it will seek a differentiation advantage in its targeted segment.

Porter's theory gives insight in understanding the competitiveness of organizations. The theory further suggests that competitive advantage stems from strategies adopted by organizations to deal with the strengths, weaknesses, opportunities, and threats that face an organization. Many researchers have accepted Porter's theory however, it has critics in the literature. Datta (2010) argues that there is no overlap between the generic strategies. He points out that differentiation can coexist alongside cost leadership. Other scholars argue that pursuing one generic strategy may lead to lower performance (O'Regan et al., 2012; Ansoff, 1957).

2.2.2 Resource-Based View.

The Resource-Based View interprets and analyzes a firm's internal resources to understand how sustainable competitive advantage is achieved. These resources include assets, firms' attributes, organizational processes, and a firms-controlled information. These can be used to craft and successfully execute a firm's strategy (Madhani, 2010). This view centers its attention on a firm's attributes that are Inimitable as a source of Competitive advantage and high-quality performance (Barney, 1986; Hamel & Prahalad., 1996). The logic behind this view is that an organization achieves a sustainable superior position in an industry if it owns and utilizes resources that are valuable, rare, inimitable, and non-substitutable alongside its capabilities (Lockett et al., 2009). Resources are valuable to a firm if they provide a strategic value to it. This helps a firm exploit different opportunities in the market. Resources are rare if they are unique and difficult to find among competitors, and resources are inimitable if they cannot be replicated. Finally, resources are non-substitutable if they cannot be easily substituted (Barney, 1991).

Kraaijenbrink et al. (2010) asserts that the proposition of this view is shared by several related analyses. They include the knowledge-based view, dynamic capabilities, and core competencies. Grant (1996) highlighted the knowledge-based view of a firm which many scholars and researchers view as an add on of the resource-based view. He looked at the features of knowledge in a firm, including the transferability between and within firms, specialization in knowledge, and aggregation of knowledge acquisition by individuals.

Resources play a vital role in achieving objectives for a business. Firms should thus allocate their resources accordingly to attain their objectives from a customer perspective, financial performance, learning and growth, and the firm's internal processes. Firms must also invest in enhancing their assets, capabilities, and skills as strategies to achieve a superior position in an industry.

2.3 Strategy and Competitive Advantage

Organizations achieve competitive advantage only when its chosen strategy is able to attract and retain customers. Porter (1985) elaborates that a competitive strategy is the search for a competitive position in a particular industry. Porter (1980) asserts that a competitive strategy is a value-adding strategy that is difficult to imitate, and rivals are not implementing it. He further states that competitive advantage emanates from the value a company creates for its clientele which surpasses an entity's cost of developing that value. He further suggests that such an advantage should last for a considerable duration, and efforts to duplicate it should be futile for it to be sustainable. Competitors include firms operating in the industry and potential firms planning to enter the industry.

Pearce et al. (2000) suggests different ways of achieving competitive advantage. Majorly, all these ways revolve around offering customers superior value. This kind of value can be offered if a firm performs its value chain activities differently from its rivals, uniquely building resource capabilities and competencies. Ensign (2001) states that analyzing a firm's value chain is useful for formulating competitive strategies and understanding its competitive advantages sources. It helps to pin point and develop interconnections between a firm's activities that generate a desirable value.

He further states that a competitive strategy should be fixed on how a particular entity can sustain a competitive position and attain profitability in the long run. Porter (1985) introduced the value chain as a mode of attaining competitive advantage in an organization. He suggests that it categorizes an organization into its strategically relevant activities to understand a firm's cost behavior and the existing and potential sources of differentiation. He further suggests that an entity achieves competitive advantage by performing vital strategic tasks cheaper and superior than other players in the industry. Hunt and Morgan (1995) suggest that a firm's resource can translate an organization into a position of superior performance in its market place, but only if they meet the standards proposed by Barney (1991) of being valuable, rare, inimitable, and non-substitutable. Mahnken (2012) suggests that a firm's resources and skills should be combined into core competencies that will enable it to performing its operations distinctively better than its competitors. Hunt and Morgan (1995) assert that competitive advantage will be realized if a firm combines its resources in ways that can achieve a unique capability that will be valued in a firm's marketplace.

Strategy is an integral component for an effective business plan. By crafting and implementing effective strategies, organizations find their niche in the industry and learn more about their customers (Allen & Helms, 2006). When crafting a competitive strategy, a firm has two distinct choices regarding its position in an industry, this includes specialization and cost leadership. Porter (1985) states that a firm's choice of competitive strategy arises from one of the three generic strategies which include cost leadership, differentiation, and focus. Either of the three cannot promote superior performance unless it is sustainable vis-a-vis current and potential competitors.

Sustainability means that a chosen strategy should possess inimitable attributes making it hard for rivals to imitate it. He further suggests that for a firm to attain such an advantage over its rivals, it should ensure operational effectiveness by doing what they do better than other industry players.

2.4 Empirical Studies and Research Gaps

Somiah et al. (2021) undertook a study on strategies for competitive advantage on Ghana's indigenous construction firms. The study used a two-stage research approach using structured questionnaires to seek responses from 667 targeted respondents. The study also used literature to point out strategies required for such an advantage. The study identified twenty-one critical success strategies that lead to competitive advantage. The strategies were further grouped into four major components. These are contract, tender, client-centered, and branding strategies. According to this study different firms utilize different strategies to attain superior performance in their respective industries. Zekiri and Nedela (2011) conducted a study on strategies that achieve competitive advantage in Romania. A secondary source of data collection was. The study asserted that if a firm desire pursues cost leadership, it has to produce at low costs and by this it will gain a competitive edge in an industry. This study cannot be generalized in a Kenyan perspective since there is a difference in the firms operating environments. The study further suggested that for a firm to be a low-cost producer proprietary technology, economies of scale and cheap raw materials should be used.

Yasar (2010) investigated the result of competitive strategies on Gaziantep carpet industry performance. The study did not consider the retail industry and it was undertaken ten years ago. It established there is no significant relationship on a firm's performance and its competitive strategies. The study's results suggested that for a firm to improve its performance and attain an advantage over their rivals, they should implement differentiation and cost leadership strategies simultaneously. Kanyugo (2014) investigated strategies adopted by Amedo Centers to gain a sustainable advantage. Although this study investigated strategies that lead to competitive advantage, it was conducted eight years ago. The study ascertained different strategies were adopted to achieve this advantage. They include organizational realignment, diversification, restructuring, and collaboration to save on costs associated with research and development. The firm also adopted other strategies like cost reduction and human resource management that enabled them to adapt to its rapidly changing environment.

BBitok (2015) undertook a study about strategies that were Adopted by Equity Bank to achieve competitive advantage. This study utilized a case study design, and interview guides were utilized in collecting data. The research focused only on a banking institution and it was carried out several years back. It revealed that Equity Bank Limited largely adopted cost leadership to gain competitive advantage. The bank also lowered their overall costs compared to their competitors. It also utilized differentiation as their secondary competitive strategy. This helped them in modifying products and having unique attributes that set them apart from their competitors.

Raringo (2017) investigated strategies that were adopted by garment manufacturing export processing firms in Nairobi for competitive advantage. This study embraced a descriptive cross-sectional design along with a targeted population of six firms that were studied simultaneously. The study concluded that most garment manufacturing firms use cost leadership as their primary strategy, while other firms embraced differentiation as their secondary competitive strategy. The focus of this study was only on garment manufacturing firms within Nairobi; therefore, it did not include other regional competitors in its industry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology. It presents a research design, method of data collection, and a data analysis technique. The researcher substantiates why a case study was used as the research design. The researcher further discusses and justifies the procedures and techniques used.

3.2 Research Design

The research utilized a case study design. Kothari (2004) defines this design as a qualitative investigation involving a cautious and total examination of a social unit. It involves studying in-depth rather than breadth. According to Yin (2009), a case study research design is an empirical method that looks into a present-day phenomenon in its real-world context in-depth, more so when the phenomenon and context boundaries may not be evident.

Sekaran & Bougie (2016) elucidates that a case study research design emphasizes collecting information about a particular occurrence or object, namely a specific organization or business unit. The individual, group, event, or organization a researcher is interested in is normally the case. They further suggest that for a researcher to get a clear picture of an issue, he or she should interrogate a real-life circumstance from multiple perspectives by using various data collection methods.

A case study was ideal for the researcher since it permitted collection of information from resourceful personnel in the unit under research. Cooper et al. (2006) elaborates that a case study is a powerful method for analyzing qualitative data. They further suggest that it involves a cautious and well thought observation of a specific social unit.

3.3 Data Collection

According to the objectives of this study, only primary data was collected by conducting interviews with open-ended questions. As a result of these questions, the researcher was able to delve deeper into the respondent's feedback in order to gain deeper insight.

The data collection instrument was adapted from a previous research study by Guandaru (2019) on Strategies adopted by Fly 540 Aviation Company to achieve sustainable competitive advantage. The instrument was deliberately modified to suit this study's objectives.

Data was collected from four respondents at Carrefour's headquarter offices located at Two Rivers Mall. The respondents include; the chief finance officer, strategy and transformation director, director of marketing and customers and the director human resources and assets.

3.4 Data Analysis

A content analysis was performed on the qualitative data collected. Sekaran & Bougie (2016) suggests that content analysis is systematically used to assess content in the form of recorded communication. It involves analyzing the contents of a documentary or verbal materials (Kothari, 2004).

This analysis was useful in interpreting the available content to draw meaningful conclusions. It was also be beneficial in exploring the theories and further contribute to the available literature. According to Berelson (1952) Content analysis entails an objective and systematic description of manifested communication content.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The following chapter discusses data analysis. It focused on analyzing data from respondents at Carrefour Limited and later giving interpretations of them. The study aimed to establish strategies Carrefour limited used to gain a competitive advantage in Kenya.

4.2. Background information

The study's aim was to establish strategies adopted by carrefour limited to achieve sustainable competitive advantage. Background information was picked from four respondents out of the five who were targeted these included the chief finance officer, strategy and transformation director, director of marketing and customer and director human resources. The study found out that the respondents were heads of various departments and had worked at Carrefour for over five years. Respondents understood the role of the firm in creating and executing strategies, which enabled them to provide reliable insights.

4.3 Strategies adopted to achieve competitive advantage

4.3.1 Competitive strategies

The respondents were interviewed on whether Carrefour limited had adapted cost leadership as a strategy for competitive advantage. All the respondents acknowledged that they had used low-cost leadership as a strategy. The respondents further stated that various cost cutting measures were put in place in the quest of pursuing sustainable cost optimization.

These included elimination of non-critical company undertakings by merging various departments, leveraging on their personnel to be effective and industrious, reduced the number of staffed employees, capitalizing on merchandisers and reduced the number of outsourced parties. The above identified measures enabled the firm to increase its profits and allowed stakeholders to receive extra bonuses, provided additional bonuses to the company's staff and facilitated the retention of profits for Carrefours further development.

The researcher further enquired if Carrefour limited had earned economies of scale. Based on the feedback the company had taken advantage of technology that facilitated sock control and focused their employees on their area of expertise which intern led to better productivity.

The respondents were asked to report on how promotional expenses had progressed over the past five years of the company. It was established that the costs had progressed over the last five years and were as a result of increased technological use and it was estimated to continue. Social media platforms and online shops were used by the company to market their products. In order to further advertise their products, the company had put in place various seasonal promotions that attracts a large number of customers.

The respondents were required to specify if Carrefour limited Kenya invested in research and design. It was established that the company had spent heavily on research and design. Since it is a multinational retail corporation, Carrefour has participated in immense research and design because it operates in different geographical areas with different cultures, tastes and preferences. Thus, before there is any new product lunch there is need to undertake research and design to establish if a product and its characteristics is well suited to be sold in a market. It was also established that Carrefour carried out research and

design in order to stay ahead or at par with the ever turbulent and dynamic environment. This also allowed the company to stay ahead in innovations.

A question was asked to the respondents about whether Carrefour used technology to minimize costs in their daily operations. All respondents stated that the firm had its applications that enabled workers to automate their operations when needed. This in turn decreased the company's overhead expenses while increasing efficiency. It was also noted that the company's information technology infrastructure was shifted to the cloud. Carrefour used open-source software rather than proprietary software hence minimizing the company's expenses. The respondents further indicated that Carrefour had partnered with various suppliers to minimize input costs when they were asked if the company had partnered with suppliers. Due to these partnerships, there was a reduction in expenses while there was enhanced performance.

The respondents were interviewed on whether carrefour was able to consistently offer products and services characterized by uniqueness to their customers. Responses showed that they did offer goods that were characterized by uniqueness since Carrefour adhered and maintained their quality management to the latter. Thus, Carrefour ensured that they got goods characterized with high quality from their suppliers. Respondents were further asked if Carrefour utilized unique advertising. It was established that the company did utilize unique advertising in various ways such as the use of seasonal promotions where Carrefour gives special offers and discounts on products tied to a specific event during the year, this includes recognized holidays like Christmas and annual events like back-to-school season. Carrefour also uses give aways as a means of attracting customers, finally through bundling Carrefour provides a platform for its customers where they are able to

benefit from buying more than one product for example buy two at a discount and buy one get one free.

Respondents were asked if Carrefour concentrated on goods and services not offered by their rivals. It was established that Carrefour did not concentrate on goods that were not offered by their rivals, rather the company concentrated on goods and services offered by their rivals but they made sure that they maintained high quality standards. Carrefour also made sure that their customer relations is top notch. This was attained by quick response to customer complaints and addressing any other issue that arises in a timely manner. The respondents were also asked if they tailor their products and service to address the market needs. It was established that Carrefour's service design was tailored both to the market and customer needs. This was an indicator that the retail chain store knows their market and they had done a thorough research with regards to what is required in the market. It was further established that the retailer took part in constant review of their customer needs. Respondents were asked if Carrefour limited focused on one segment in the market. Based on the responses, the retail store focused on the market based on geographical segmentation. This was explained by how the Carrefour stores were only located in the major cities of Nairobi, Kisumu and Mombasa in Kenya.

4.3.2 Sustained competitive advantage

Respondents were required to explain how competitive strategies affected sustained competitive advantage at Carrefour limited. Responses from the respondents indicated that successful implementation of different strategies for sustained competitive advantage led to high customer satisfaction, turnover, customer loyalty increased market share.

Cost leadership was majorly utilized as a market entry strategy that enabled the company to enter different markets with ease. It was also identified that cost leadership had an influence on customer satisfaction and the market share. The respondents further responded by citing that both differentiation strategies and focus strategies had an influence on the company's turn over while focus strategy on its own had the highest influence on its market share respectively.

4.4 Discussion of the findings

4.4.1 Comparison with theory

The primary objective of this study was to determine strategies adopted by Carrefour to gain sustainable competitive advantage. Carrefour has utilized an aggressive strategic mix by adopting Porter's theory of competitive advantage. From the study Carrefour limited has adopted and implemented the generic strategies. For maximum success a company must choose to operate on one strategy, if it operates with all the strategies, it will be stuck in the middle (Porter, 1998). The Study further reveal that it corresponds with the resource-based approach of gaining competitive advantage through the ownership of valuable rare, unique, inimitable, and non-substitutable assets.

4.4.2 Comparison with other empirical studies

Carrefour maintains an aggressive strategy mix. The study established that the company has well-crafted and successfully implemented strategies in the retail sector. Due to dynamism and turbulence in the environment, players in the retail sector have been forced to craft and implement strategies that will enable them to adopt to such an environment.

These findings were consistent and similar to other previous studies. In a study by Guandaru (2019) and Kamau (2019), all similarly found out that organizations need to adapt strategies that are able to make them survive in a competitive business environment. According to the studies, organizations must develop and implement successful strategies in order to cope with competition in their industries. Thus, competitive strategies are crucial in ensuring organizations achieve a competitive advantage.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

The purpose of this chapter is to summarize the findings, conclusions, recommendations, limitations, and suggestions for further research.

5.2 Summary of the findings

Carrefour diffuses its marketing expenses and publicity over advertising, this has gained economies of scale through the use of technology and advertising. The findings reveal that technology and its advancements reduced advertising expenses. To market its products, the company used social media platforms and online shops. Compared to other modes of advertising, this was cheaper.

The research revealed that Carrefour had invested heavily on research and design. Due to its global reach and operation in different geographic areas, it faces different cultures, tastes, and preferences. In addition, Carrefour conducted research and design to stay at the forefront of a turbulent and dynamic environment, enabling the company to stay innovative and ensure its service and product design was tailored to market and customer requirements. Additionally, the retailer constantly reviewed its customer needs. The findings reveal that Carrefour used technology to reduce its expenses by automating workers' operations, the firm was able to decrease overhead expenses while increasing efficiency. This company further offered goods that were characterized by quality, advertisement, and customer service uniqueness.

5.3 Conclusion

The study's main goal was to establish strategies adopted by Carrefour to achieve competitive advantage. The study concluded that cost leadership was the primary strategy being implemented while differentiation and focus were implemented as their secondary strategies. The research also concluded that cost leadership influenced competitive advantage to a greater degree. It is of importance for Carrefour to invest in growth competencies, resources, research and technology because so as to keep evolving in order to guarantee sustainable advantage.

The study concluded from the findings that the company had attained economies of scale. In addition, Carrefours service design is tailored to meet customer needs. The retail store further undertook research and design in order to understand customer needs in terms of quality and preference.

5.4 Recommendation

The study proposes that Carrefour should deploy a variety of competitive advantage strategies that complement each other in the quest to attain competitive advantage besides the generic strategies. The strategies include, operational excellence and operational effectiveness, highly qualified and motivated employee, job specialization, continuous learning and effective leadership.

The researcher also recommends Carrefour limited to considers both its internal and external environmental factors as they are critical in determining strategic choices since this will dictate the capabilities and the potential of a firm. By focusing excessively on external factors, a company becomes reactive rather than proactive.

5.5 Limitation of the study

The research was constrained by time and resources. Due to limited time and resources, the researcher could not collect more detailed and comprehensive data than he was able to. Although the research utilized interview guides in collecting information, there were major challenges like misunderstanding of the interview questions and delayed responsiveness from the respondents. The respondents could not share some information in depth due to the company's stringent policies and fear that information will be shared to their rivals.

5.6 Suggestion for further research

Although this research focused on Carrefour Limited, similar research can be conducted in other firms in retail sector or different sector within Kenya. This will assert certainty or uncertainty of the research results. Further research can be conducted by other scholars in order to gain a deeper understanding and arrive at robust conclusions.

Similar studies investigating strategies leading to competitive advantage can be conducted using other analytical techniques, such as analytical analysis, factor analysis, and regression analysis, and then the results can be compared and contrasted so that reliable conclusions can be drawn.

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APPENDIX

Appendix 1: Interview guide

The purpose of this interview guide is to collect relevant information about strategies Carrefour Limited has adopted to compete effectively. The guide will be helpful in obtaining relevant information for this research study.

Section A: Organization Data

1. What department are you based in?
2. What is your position at Carrefour Limited?
3. What period have you worked at Carrefour Limited?

Section B: Strategies adopted by Carrefour Limited to achieve competitive advantage

Cost leadership

4. Has Carrefour Limited engaged any cost cutting measures?
5. Have economies of scale been realized at Carrefour Limited? Please explain how it has affected your costing structure?
6. What has been Carrefour's trend on its advertising cost in the past five years?
7. To what length has Carrefour Limited invested in research and design?
8. Has Carrefour Limited leverage on technology to minimize cost?
9. Does Carrefour Limited partner with its suppliers in order to reduce its input costs?

Differentiation

10. Has Carrefour limited been able to consistently offer products and services characterized by uniqueness?
11. Has Carrefour limited been able to offer goods and services characterized by superior quality to its customers when compared to competitors?
12. Has Carrefour limited been able to capitalize on unique advertisements?
13. Has Carrefour limited been able to leverage technological advancements to offer superior services?

Focus

14. Has Carrefour limited been able to concentrate on services and products not offered by its competitors?
15. Are Carrefours services and product customized to address the market needs?
16. Has Carrefour limited been able to serve a specific niche in its market?
17. Has the organization been able to concentrate on a specific segment of the market?
18. Has Carrefour limited been able to leverage technological advancements on product characteristics?

Section C: Sustained Competitive Advantage

19. Has Carrefour limited experience a rise in its market share in the recent past?
20. Has Carrefour limited realize an increase in sales because of adopting generic strategies?

21. How well can you explain the consumer satisfactory levels that arise from consuming your products?
22. Have Carrefour's products and services attracted and retained more loyal clientele than its competitors?
23. Does Carrefour limited make more revenue than its competitors?