INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON COMPETITIVE ADVANTAGE OF LARGE SUPERMARKET CHAINS IN NAIROBI COUNTY

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DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other university for an award.

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DEDICATION

This project is dedicated to my family for their love and support.

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This project would not have been completed were it not for the dedication and guidance from my supervisor, Professor Zachary B. Awino.

Special thanks go to my wife Ms. Joyce, my children Amy and Frank for their continuous encouragement and support throughout my journey.

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ABBREVIATIONS AND ACRONYMS

CAK	Competition Authority of Kenya
IT	Information Technology
SKU	Stock Keeping Unit
FMCG	Fast moving consumer goods
FDI	Foreign Direct Investment
OBG	Oxford Business Group
AGM	Annual General Meeting
ft^2	Square feet
GDP	Gross Domestic Product
EDLP	Every Day Low Price
QR Code	Quick Response Code
NSE	Nairobi Stock Exchange
CEO	Chief Executive Officer
CBD	Central Business District
MD	Managing Director
SWOT	Strength, Weakness, Opportunities and Threats
KRA	Kenya Revenue Authority
KEBS	Kenya Bureau of Standards

ABSTRACT

Though retailing has transformed in the recent past to one sector that has grown in prominence as a major economic driver especially in developing economies, it still remains erratic with increasingly fickle shopper loyalties to retailers. Today's supermarket managers are faced with a daunting task of steering their business to thrive and build sustainable competitive advantage under a turbulent environment where competition is increasing from new entrants to the market, changing consumer habits and adoption of new technologies opening possibilities like online business. The business managers of supermarkets need to continually improve their capacity to devise and put into action plans that will result in a sustainable competitive advantage over the long term. This is necessary in order for them to remain ahead of the curve while still retaining their consumers. The primary purpose of the research was to ascertain the extent to which strategic management methods have an impact on the competitive advantage enjoyed by big supermarket chains, which in turn provides them with an edge over their competitors in the market. In this research approach, a case study was used. Interview guides were used to collect primary data from five grocery chain executives who were at the top of their respective positions. For the purpose of presenting the outcomes of the research, content analysis was used to examine the data that was acquired. In the results, it was accepted that the supermarkets had developed vision and mission statements, as well as conducted environmental analysis. Additionally, there was evidence of strategic planning, the establishment of targets, and the monitoring of the execution of the strategy. All of the members of the management team at the supermarkets are involved in the process of communicating and implementing the organization's vision and purpose. According to the findings of the research, one of the challenges that strategic management faces is dealing with budgetary restraints. As a result of being entrusted with the responsibility of managing supplier money, supermarkets are required to manage their cash flows in a cautious manner. A greater number of multinational firms are expected to enter the Kenyan market in the future. A conclusion that can be drawn from the research is that it is necessary for management to include their staff in the development of new ideas and plans in order to fully appreciate their accomplishments. The research also comes to the conclusion that strategic management techniques are a realistic strategy that can be used in supermarkets to bring about the fulfillment of goals and objectives that have been established by the firm. It is advised that supermarkets should take the initiative to create their long-term and short-term goals and objectives in a timely manner. This will allow the supermarkets to have a guideline that will direct them towards their strategic plan, which should be carried out in order to aid in the organization's SWOT analysis. In addition, the report suggests that the senior management of supermarkets should develop and put into action official succession plans with due diligence. According to the findings of the research, the board of directors should be made more professional by hiring individuals who possess a keen understanding of business. These individuals are accountable for formulating policies that steer the company and have the ability to influence the selection of the top management team that will be responsible for running their supermarket chain.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Though retailing has transformed in the recent past to one sector that has grown in prominence as a major economic driver especially in developing economies, it still remains erratic with increasingly fickle shopper loyalties to retailers. Today's supermarket business manager is faced with a daunting task of steering the business to thrive and build sustainable competitive advantage while operating under a turbulent environment which calls for a systematic approach to crafting and implementing strategy. According to Hitt et al., (2016) adoption of strategic management helps a firm in achieving strategic competitiveness and earn above average returns. They argue that if a firm successfully constructs and executes a value-creating strategy for its clients that its competitors find difficult or too expensive to imitate, they achieve a sustainable competitive advantage that lasts until competition can mobilize necessary skill and required resources that close the gap. This supports Bowman et al., (2002) view that strategic management focuses on issues that concern the creating or searching for a sustainable competitive advantage.

The study's foundation relied on three thematic theories; the Stakeholder Theory, the Mckinsey 7-S framework and the Institutional Theory. The first theory, the Stakeholder Theory, opines that firms have to manage in addition to their shareholders' other publics that have a stake in the business. It stresses the interconnected nature of the business with various publics that includes suppliers, employees, customers, government bodies, trade associations, financiers and investors (Freeman, 2015). The second theory, the Mckinsey 7-S framework, looks at the firms' organizational design in relation to how it deploys its strategic assets in terms of 7 key internal elements. These are skills, staff, style, structure, systems, strategy and shared values.

The deployed strategic assets need to work in harmony for the firm to fully benefit from the combined synergy which leads to successful implementation of its chosen strategy (Waterman et al., 1980). Lastly. The Institutional Theory, propounds that a firms' internal structure development is influenced by the program and policies of that profession or sector and also the interaction with its surroundings (Meyer & Rowan, 1977).

This study was motivated by the growing importance of supermarket chains in Kenya's retail sector in the midst of turbulence. It's a paradox that while Kenya's vision 2030 considers the wholesale and retail trade as one of the significant engines of growth and envisages a sector that is more formalized, well organized, multi-layered, having diversified products and driven by innovation (Kenya Vision 2030), the sector remains largely unregulated and the impressive growth also camouflages the sectors volatility which has seen top supermarket chains Tuskys, Nakumatt, Uchumi, Botswana's Choppies and South Africa's Shoprite closing shop in the last decade. The study sought to understand the influence of strategic management practices on competitive advantage of select supermarket chains that are thriving in Nairobi County

1.1.1 Strategic Management Practices

Strategic management scholars have made huge contributions post the Second World War regarding what they construe as the strategic management process and its practices therein. Lamb (1984) expounded the need for organizations to set goals and strategies that help compete with current and potential competitors and stressed these strategies need to be regularly reviewed at preset time frames in terms of effectiveness and where wanting they need to be tweaked or changed to exploit new opportunities and/or counter emerging threats in technology, competition, economic, financial, social and political circumstances.

Hitt et al., (2016) emphasize the need for firms to set commitments and aligns its decisions and actions in line with the requirements needed to achieve set objectives. Schendel and Hofer (1979) model on strategic management sets out activities and procedures that guide the firms' operations in development and execution of strategy necessary to drive growth and minimize risk. This model summarizes the strategic management process into 6 best practices; need to set goals, scanning the environment, development of the strategy, strategy evaluation, strategy implementation and strategy control.

While scholars may not unanimously agree on a specific framework for the strategic management process when developing or reevaluating a strategy, there is general consensus that the process involves the following fundamental steps: establishing a strategic vision and organizational mission, and then formulating strategy and objectives. Then follows the implementation phase where the strategies are implemented then evaluated

1.1.2 Competitive Advantage

The business philosophy in the 1970s was aggressively pursue market share and as you build on scale, cost advantages shall creep in resulting to increased profits. This thinking was heavily influenced by experience curve theory that stated as employees carry out the same task many times over, they become more efficient and require less time and cost to accomplish the task (Wright, 1936). Despite this theory working for some firms, the vast majority suffered from reduced profits and dwindling market share.

According to Porter (1980) view Competitive Advantage concept, the market in any industry is not homogeneous for it has multiple segments and it's upon each firm to choose what products and which market segments to compete then design appropriate strategies to match. He propounded that a firm shall achieve competitive advantage depending on how well they execute any or a targeted combination of these three generic strategies; cost leadership where the firm competes by having lowest costs thus targets most market segments using price, differentiation where the firm seeks to distinguish itself by offering superior value other than price, for example, it may offer better quality brand or superior customer service and lastly a focus strategy where the firm targets specific market segments where its competitors are deemed vulnerable.

Porter (1996) further argues how a particular industry is structured has a direct bearing on profitability and tends to influence the rules of competition within it. Consequently, he established the Five Forces model, which is responsible for shaping industry competitiveness and, as a result, influencing corporate or commercial strategy. It was concluded that the five factors are the negotiating power of buyers, the threat of new entrants, the bargaining power of suppliers, the competition among the organizations that are already in existence, and the danger of replacement goods or services.

The Five Forces were found to influence corporate and business strategies like which markets are most attractive to enter, how will resources be prioritized amongst the various business units and what competitive position should the firm aspire to attain in the industry. He further argues that firms that successfully craft their competitive strategies by reducing costs and creating product or service differentiation and have this blended with their daily activities shall acquire a position of sustainable competitive advantage within the industry because their competitors will find the strategy difficult to imitate in the near future.

Johnson et al., (2008) in their contribution on Strategy stated Competitive Advantage is achieved in the long term by successfully exploiting the business environment by matching the firm's resources and capabilities to exploit existing opportunities. This view is supported by Aaker (2005) who argues a firm need to have a superior asset or capability that is required in strategy deployment whose outcome is relevant to the industry and this superiority should not easily be duplicated by competitors for the firm to be deemed to have achieved sustainable competitive advantage.

Of a similar view are Prahalad and Hamel (1990) who stressed the need for firms to harness their strengths and capabilities and this expertise derived shall set the foundation of their competitive advantage in the market. Reynolds and Cuthbertson (2014) argue a retailer generates a competitive advantage by matching their product portfolio to their customer needs, positioning these offerings beyond customer expectations, having the right placement and pricing strategies.

1.1.3 Supermarket Firms in Kenya

The Kenya National Bureau of Statistics has recognized the retail and wholesale trade sector as one sectors with the fasted growth in Kenya's economy. In 2019, the 7.6% contribution to the economy by the wholesale and retail sector was the third highest behind agriculture a 34% and transport at 8.5% (The National Economic Survey, 2020). One of the main growth drivers in this sector is the expansion of supermarkets into all urban centers country wide post 2010 constitutional changes that gave birth to devolution and resultant county governments. Supermarket business are thriving and feature prominently as large tax payers and employers both to counties and national government.

The Kenyan supermarket space has a combination of both single independent stores and supermarket chains that are mainly family owned. The supermarket space has seen turbulent times with the closure of the top four players in the last decade. These are Uchumi, Nakumatt, Tuskys and Ukwala. The gap left by the local supermarket chains departure encouraged foreign players to venture into the market that started with the arrival of Choppies from Botswana in Feb 2015 followed in May 2015 by Game stores from South Africa which is part of Massmart Holdings from United States of America. Others are French Carrefour trading under United Arab Emirates Majid AlFuttaim Group in May 2016 and Shoprite from South Africa in Dec 2018. The factors leading to closure of Kenya's leading supermarket chains may require deeper analysis for its not limited to local chains only given that Choppies and Shoprite have closed shop recently.

A supermarket chain is defined as a group of supermarkets that share same ownership, has same branding and sell similar merchandise. There is no agreed number of branches a supermarket chain ought to have though in the Kenyan context to be qualified as a supermarket chain, the group ought to have 3 or more stores with centralized administrative processes that may take the form of centralized management systems like ordering, invoicing, negotiations, listing agreements and promotion planning and in most cases have a centralized delivery point for non-perishable goods. Their central warehouses sometimes double as the office headquarters.

Kenya's supermarket chains operate in three types of store formats namely Hypermarkets, Supermarkets and Express. These store format classifications in a Kenyan context are; Hyper supermarket above 30,000 Sq. ft., Supermarket between 30,000 and 10,000 Sq. ft. and express stores below 10,000 Sq. ft. (Appendix III: Supermarket Chain formats in Kenyan context). The highest concentration of supermarket chains is domiciled in Kenya's 4 cities, County Headquarters and other major towns.

1.1.4 Supermarket Chains in Nairobi County

There no published list from Nairobi County or Ministry of Trade on supermarket chains present in Nairobi County. The researcher received data form a leading FMCG company that attests Nairobi County has 14 supermarket chains with over 200 branches (Appendix II: Supermarket Chains in Nairobi County)

1.2 Research Problem

The importance of retailing as a major player in any countries economy is gaining traction worldwide and research on this subject is expanding. Hernant (2009) observed changing dynamics in the retail industry where past competition between supermarkets and small grocery had metamorphosed into wider competition between a wider range of store formats both local and foreign. According to Grant (1999), a firm is required to adopt a resource-based approach in its strategy and this requires cognizance of the interrelations between its resources, capabilities, profitability and competitive advantage then exploiting each of these opportunities to the fullest.

In another study on skill gaps in United Kingdom retail industry, Powell et al., (2007) observed that the retail dynamics had shifted over the years traced to rapid retail expansion and decentralization, stiff competition and changes in consumer shopping behavior. In another study on USA retailers' adoption of Information Technology as a means for achieving competitive advantage, Powel and Dent-Micallef (1997) found that this was not the case owing to imitation by competitors and in instances where sophisticated IT users did generally outperform less sophisticated users, it was found that this resulted from the former combining IT with other critical complementally resources. Unfortunately, these studies above were conducted in a developed world setting and their application in a developing economy like Kenya setting has limitations.

An assortment of Kenyan studies According to the findings of a study conducted by Mutinda (2018) on the competitive strategies utilized by family-owned supermarkets, the level of competition among supermarkets was extremely high. It was essential for all stakeholders of each supermarket to acquire knowledge regarding the most effective ways to implement competitive strategies in order to enhance their performance and increase their chances of survival. Specifically, the stores in Machakos town that were owned by families were the subject of this investigation.

According to the findings of another research conducted by Mutegi (2013) on competitive tactics used by twenty-six supermarkets in Nairobi, there was a limited utilization of differentiation methods. This study targeted all kinds of supermarket formats regardless of whether it was operating a single or multiple units. Another study by Gatoto (2018) sought to establish competitive strategies adopted by supermarkets in Nairobi's CBD. It was established cost leadership, focus and differentiation strategies were found to be key foundation of competitive strategy and recommended manufacturers to provide differentiated products for different channels markets that they serve.

This study also targeted all kinds of supermarket formats regardless of whether it was operating a single or multiple units. Another study by Wambugu (2014) sought to investigate the competitive strategies of top supermarket chains in Nairobi County. He found that cost leadership, focus and differentiation strategies were deployed by most stores and these translated to aggressive price promotions, cost cutting through automation and practices like outsourcing non-core functions. The stores studied Tuskys, Ukwala, Uchumi, Naivas and Nakumatt. Unfortunately, by the time of this research, 4 out of 5 of these top chains have closed shop and there is entrant of new stores making relevant the need for an updated research on top supermarket chains as they are currently. The research sought to determine does the deployment of strategic management practices by large supermarket chains influence their competitive advantage in Nairobi County?

1.3 Research Objective

The research objective was to determine how deployment of strategic management practices by large supermarket chains influence their competitive advantage in Nairobi County.

1.4 Value of the study

The study benefits the policies of market regulators by providing invaluable knowledge on the intricate operations of supermarkets which lays better grounds for building future laws and regulations that stimulate growth in this sector in line with vision 2030 that seeks to encourage a business shift from informal to formal retail. It shall help synergize the efforts of regulators and business since they are all stakeholders that should work in tandem promote and not to restrict the growth of supermarkets.

The research contributes to the expansion of the existing body of information about the prevailing implementation of strategic management principles and the competitive advantage of supermarket chains in Kenya. It helps academicians by elucidating areas that can strengthen Retail and Operations management courses with an intent close the skill gaps in the retail industry. Scholars shall also benefit by having a better understanding on the extent of the application of the strategic management process in supermarket chains

The study benefits the business managers of supermarkets by building their knowledge on how to better manage their organizations in terms of assessing and closing existing gaps through effective benchmarking. It provides tools that can used for internal self-assessment and study their external environment which enriches the design, execution and evaluation strategies with a view to achieve sustainable competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

A review of the literature that is pertinent to this subject was conducted by the researcher in this section. Both the practical and theoretical frameworks that serve as the basis for strategic management methods were investigated in this section. It delved on how competitive strategies and strategic management practices are executed by supermarket chain stores.

2.2 Theoretical Foundation

This section reviewed the three theories that advance the study namely; McKinsey 7-S Framework, Institutional Theory and Stakeholder Theory. It takes an in-depth look at each of these theories critical assumptions then link them to the relevance of the study.

2.2.1 McKinsey 7-S Framework

Developed in the 1980s, this models origin is attributed to consultants of the Mckinsey Company. This model identifies seven internal support structures of an organization that need to align and the synergy created becomes a recipe for success. These are strategy, structure, systems, shared values, style, staff and skills. The model is a robust analysis tool for internal self-reflection preceding major organizational changes. The 7 internal structures are assessed in regards to where we are now, where do we want to be in future and what do we need to do to successfully execute the required changes.

The Mckinsey 7-s model groups the seven elements into two distinct groups of hard and soft elements. On the hard group, we have three elements namely; Strategy which is a summary of the set of actions the firm plans to execute so that they can improve their competitive position in response to changes in the environment they operate, then Structure which describes how the company is organized in terms of departments, teams and reporting structures and finally Systems which comprises of the formal and informal activities and procedures that are applied by staff as part of their daily routine.

It includes the controls in place, measurement, evaluation and reward mechanisms. The hard elements tend to be tangible and are easier for management to identify, assess and effect any necessary changes. On the soft group we have four elements namely; Shared values which relates to the organization values and corporate culture, Skills which refers to the capabilities and competences of the workers, Staff refers to human resource assets comprising of the workers and their capabilities and lastly Style that refers to the behavior patterns exhibited by the leadership and other key personnel. Although soft elements tend to be less tangible and harder for management to identify and influence, there are higher chances of leading to a competitive advantage (Mohammad, 2015)

2.2.2 Institutional Theory

Stanford's University sociologists Meyer and Rowan (1977) developed the Institutional theory in an effort to expound the practices of social systems such as organizations. In their view, organizational structures development is heavily influenced by consideration of the institutional rules that these firms adopt in order to increase their survival chances while at the same time gain stability, resources and legitimacy.

This insight explains why institutions in a similar industry tend to be the same for they are reflection of the similar policies and programs that govern that industry and also the professionals who run them are of the same ilk. Meyer and Rowans was a departure from prior theories of bureaucratic rationalization which they viewed as inward looking and elucidated there be a more objective interpretation on the effects of the external environment on the development of policy (Serpa & Ferreira, 2019).

The tendencies of firms in the same industry having the same practices and structures has also been studied by sociologists DiMaggio and Powell (1983) and they came to a conclusion it was in response to a triad of isomorphic pressures namely normative isomorphism, coercive isomorphism and mimetic isomorphism, Coercive Isomorphism results from the organization adopting to pressure from government regulators or societal. These pressures may arise from obligations on financial reporting requirements, local contract law guiding the firm's relationship with third parties like suppliers and distributors, environmental laws and so on resulting to the organizations in that industry having similar structures like internal audit department, ethics compliance departments etcetera. Mimetic Isomorphism results from pressure to mimic a strategy that is perceived to be working for other companies in the same business sector. The drive to copy structures similar to successful peers can be shaped by new thinking harnessed from shared consultants, shared customers, shared suppliers etcetera (Katopol, 2013).

Finally, Normative Isomorphism pressures emanate from shared expectations. These expectations can come from the shared networks of professional bodies and industry associations. They could also be influenced by colleagues, local leaders and customers (Mate & Kaluyu, 2018). DiMaggio and Powell (1983) were of the view some practices did encourage isomorphism and singled out education where persons who had gone through similar certifications tended to approach issues in a similar manner. Professional bodies and recruitment agencies were also identified as potential influencers of organizations in the same industry

2.2.3 Stakeholder Theory

Freeman (2015) contributions to the Stake Holder theory was as a result of his observations on the limitations of the traditional management approaches that saw organizations as vessels purely designed to increase value for their shareholders through maximising profits and therefore led these firms to align all their resources in order to realise this financial obligation. He observed the limitations of this approach in that it failed to recognise that a business does not operate in a vacuum and its interconnected with other entities apart from shareholders that equally determine its success. He argued that the business needs to create value not just for its shareholders but also these other entities whom he refers to as stakeholders. The stakeholders include customers, investors, suppliers, employees, financiers, trade unions, government regulators and any other entity that has interests in the overall wellbeing off the firm.

The stakeholder theory has received numerous support from other scholars. The ability to satisfy key stakeholders by considering each of their interests has been highlighted as a key ingredient for success and leads to better and stronger organizations (Harrison & Abreu, 2015). The need for organizations to manage their stakeholders effectively has been identified as essential in formulating and implementing strategy since there are higher changes of acceptance if the stakeholders are actively involved from the start. It's therefore essential to pinpoint the main stakeholders and interact with them constantly to address any of their concerns (Phillips, 2010).

An emerging key stakeholder in Kenya's retail space is Competition Authority of Kenya (CAK). This regulator has in the recent past delved in supermarket mergers and acquisitions. Some of their decisions that have impacted proposed unions were the cancellation of Ukwala and Tuskys merger in 2014 and their recent approval in 2019 of the acquisition by Sokoni Retail of Tumaini supermarket opening yet another avenue of FDI in Kenya's retail industry. Tumaini then merged with Quickmart and retained the latter's name and by so doing birthed the second largest retail chain in the country. Another recent intervention occurred in April 2021 with the recent penalization of Carrefour for unfair trade practices forcing the business to revise the over 700 supplier contracts (Juma, 2021). There is also increased vigilance on enforcement of polices and guidelines that close the loopholes in tax evasion by the Kenya Revenue Authority and Customs and Border Control. Other enforcers include Kenya Bureau of Standards whose myriad polices affect businesses sometimes to the SKU level, for example, their directive on how manufacturers should display ingredients in their products.

2.2.4 Porters five forces model

Porter (1980) theories on the drivers influencing competition in any industry is viewed as an extension on his earlier work on Competitive Strategy. He opines that the main framework of any firms' competitive strategy is to help it cope with the rules of competition that guide the industry of interest. These rules determine the industry's attractiveness to outside competition and it's expected a firm shall exploit the rules to their advantage if an opportunity presents itself. He condensed these rules into five competitive forces which are threats of new competitors and substitutes, the bargaining power of supplier and buyers and finally the rivalry among existing competitors (Porter, 2008). A reflection of these five forces in the Kenyan situation is analysed below.

Threat of new competition: Kenya's ministry of trade in line with vision 2030 does encourage the business shift from informal to formal retail (Kenya Vision 2030). The recent merger and acquisitions by both local and foreign retailers makes this threat very real. Within the last decade, four foreign retailers have entered the market namely France's Carrefour, Botswana's Choppies and South Africa's Shoprite and Game though their performance is a mixed bag for Shoprite and Choppies have exited.

Threat of substitutes: Despite Kenya's formal retail share of 30% being gauged as relatively low (Oxford Business Group, 2016 February 16), the growth in this sector from near zero in the early 1990s shows there is tremendous potential for growth. None of the other competing channel formats that includes small groceries commonly referred to as dukas, kiosks and open air markets have the potential to outpace formal retail and their combined market share is on a decline. We can safely deduce that since none of these informal channels have the capacity to match the supermarket channel value to their customers, this threat is deemed to be low.

Bargaining power of suppliers: This phenomenon occurs in industries that have few dominant suppliers. This may not apply in the context of Kenya's formal retails since there are many local and international suppliers that work independently with little collaboration on shared goals amongst themselves. The open nature of Kenya's economy backed by a liberalized foreign exchange regime does encourage traders to also import majority of items with minimal restrictions. We can thus safely deduce this threat is low.

Bargaining power of buyers: This emerges in environments where there are few well-structured buyers who dominate the retail channels where they presently compete and also these markets tend to have many competing suppliers with the cost of switching from one supplier is low. Here we expect the buyers to be more demanding from their suppliers on products or services they require. These demands may come in many faces like better quality, differentiated SKUs, better trading terms etcetera. Kenyan supermarket retail chains are flexing their powers more as they continue to grow their share sometimes to the detriment of suppliers, for example, Carrefour was deemed to have squeezed their suppliers unfairly resulting to financial penalties and a directive was made by CAK that they revise their trade agreements (Juma, 2021)

Bargaining power of suppliers: This situation arises in cases where we have few suppliers that dominate an industry. In the Kenyan retail scenario, this is not significant since there are many local and international suppliers who tend to work independently with little collaboration on shared goals amongst themselves unlike the growing partnerships between supplier and buyers. This collaboration is evident in common areas of interest like promotion planning and execution, differentiated SKUs, joint logistics planning and many more all geared to enhance efficiency and lower costs all geared to achieve better profitability

Rivalry among existing supermarkets: The supermarket space in Kenya is very competitive and the chain stores have to continually reinvent themselves in order to survive. This can be evidenced from aggressive promotions and EDLP strategies. The chain stores continue to gobble premium spaces in shopping malls and in most cases they are the preferred anchor tenants that drive traffic into the malls. This heightened competition has squeezed profits and some unfortunate chains have had no option but to close, for example, Shoprite highlighted in their exit statements that their stores underperformed against their set expectations (Theuri, 2021).

2.3 Strategic Management Practices and Competitive Advantage

The practice of strategic management is a continuous living process that revolves round set consecutive stages under which firms strategies are formulated, implemented and controlled then replayed ad infinitum. These phases include strategic analysis, formulation of strategy, strategy implementation, strategy evaluation control and correction (Johnson et al. 2008). There is always a high probability of today's firm managers delving too much energy and time sorting out day to day operational issues thus ignoring the opportunity accorded by permanently adopting the strategic management process and availing time and resources to implement their chosen strategies with a long term view.

Formulators of strategy need to incorporate a futuristic approach that establishes strategy across time horizons. Strategic planning establishes what the firm needs to be achieved in distinct timelines that is long-term, medium term and in the shortterm. According to Karel et al., (2013), the top management in firms across industries and more so in retail need to focus more on strategic issues like where they are now and what do they want to achieve in future.

The formulation of strategy is not a preserve of the company CEO alone. A core team should ideally lead the process and the setup of this team needs to be multi-disciplinary across all functions of the organization and should have both team leaders and managers. This team should adopt a big picture approach devoid of day to day distractions, have open discussions that lead to the compilation of strategic document that details like the goals to be achieved, resources required, marketing goals and new product development, the technology to be applied, detailed logistics, financial goals and returns on investment, project management timelines etcetera (Sebestova & Nowakova, 2013).

The implementation phase is key so the successful execution of strategy. There needs to be broad engagement across departments with proper alignment and clear communication. The required financial, human and technological resources needs to be availed in a timely fashion, roles and responsibilities assigned to key persons and their performance metrics agreed on and reviewed specified timelines. A robust monitoring mechanism needs to follow the execution phase. There needs to be constant reviews at agreed timelines. A good strategy is fluid and not rigid and where there are shortcomings due to resource limitations or external environment shocks, the strategy needs to be tweaked to adapt to the new realities in the market place

2.4 Empirical Studies and Research gaps

The subject of retailing in general and supermarkets in particular within Kenya has caught the eye of several researchers in the last two decades. A survey done by Billow (2004) sought to gather the competitive strategies that supermarkets had adopted in Nairobi. Amongst its findings were the importance supermarkets laid on promoting their brand image by positioning themselves in prime locations, putting lots of emphasis on having spacious outlets, having well-groomed staff and having stocking leading labels on their shelves. Wasamba (2008) research was on how supermarkets were being incentivized by their suppliers of FMCG.

The findings showed supermarkets received extensive promotion support that was translated to lower pricing, joint promotions and coop advertising. Other manufacturer support were the provision of product technical information and participation in recognition programs. Kamau (2014) studied the impact of supermarket channel had on the distribution of FMCG in Nairobi County. It was found that there was close collaboration in areas of new product introduction and promotions and the FMCG companies saw the supermarket channel as an important partner in getting their products to the final consumers. Ng'ang'a (2012) research on large supermarket and their private label strategies in found that price, perceived value and quality were important elements that led to the success of private label.

Unfortunately, the top supermarket chains in Kenya are either family owned or multinationals and therefore not obligated to share financial data with the public. This limitation is a big challenge for researchers for the stars of today can be casualties tomorrow even when their strategies seem spot on. The last five years that has seen top local and international retail giants close shop informally earning Kenya the title of *'The Supermarket graveyard of the East Africa' (Juma, 2022).* These recent failures include former retail giants Uchumi, Nakumatt, Tuskys, Shoprite and Choppies. In the midst of these chaos, other giants have emerged and are on an expansion mode led by Naivas, Quickmart and Carrefour supermarkets

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explained the research techniques and procedures applied to identify, gather and analyze information for this research on supermarket chains. It delved further into how the population of study is derived, the sampling methodology and articulates the data collection methods and procedures used for analysis. According to Creswell (2003) research methodology provides a guideline that establishes the structure of research in areas like strategy to be deployed, the approach, the philosophy of the research and components of the methodology. It provides the rationale and techniques that have been deployed to answer the research questions or hypothesis being tested in a study

3.2 Research Design

This study applied a case study approach. The personal observations and in-depth interviews of respondents captured their opinions, perspectives and attitudes that was analyzed to determine the recurring themes, patterns or concepts under their natural environment. For this study, Hypermarkets, Supermarkets and Express stores are lumped up into one basket of ‘Supermarket Chains’ where a supermarket chain is defined as a group of supermarkets with common ownership, shares a brand name, sells same merchandise and is centrally managed and should have at least 3 branches.

The geographical area chosen does not strictly follow the Nairobi County administrative boundaries rather it takes a flexible view by using the commercial boundaries of Nairobi City thereby incorporating the satellite towns that are within a radius of 30 kilometers from the Nairobi Central Business District. These satellite towns include Ngong, Kiserian, Rongai, Ruiru, Kiambu and Kikuyu towns. This area has 14 supermarket chains with over 200 branches (Appendix II: Supermarket Chains in Nairobi County). The large population limits the number of deep interviews that can be conducted intensively due to constraints of cost and time so a target sample of any 5 top chains was preferred.

The selection of supermarket chains used three criterions, first they have to be a group of supermarket with more than 3 branches to qualify as a chain, second at least one branch should be located within Nairobi County for easier accessibility and finally their shoppers need to be members of the general public. Using this criteria, the Defence Forces Canteen fails the public test for its it serves members of the military and their families.

To enhance representation of the sample, a deliberate effort was taken to send invites to supermarket chains in the top 10 list of most number of branches. After contacting their customer service, interview introduction letters were sent to 7 supermarket chains. These were Naivas, Quickmart, Chandarana, Khetia, Carrefour Kassmart and Cleanshelf. Chandarana and Carrefour politely declined to participate. The supermarket chains that were finally selected were Naivas, Quickmart, Khetia, Cleanshelf and Kassmart.

3.3 Data Collection

The chain stores were approached verbally and in writing requesting their consent and to volunteer one of their senior managers with relevant knowledge to participate a deep interview. According to Horrocks and King (2010) physical space where interview is conducted has a strong influence on how it proceeds thus the researcher went along with proposed venues and timings for the interviewees. The researcher used an Interview Guide outlining the main topics to be covered. It had open-ended questions which gave unrestricted freedom of answer to respondents with these responses and on site observations recorded through note taking.

3.4 Data Analysis

In order to get a better understanding of the respondents' important ideas, views, and experiences, the qualitative data that was gathered from the replies to interview guide questions and in-store observations was examined using a method called content analysis. This approach included coding, categorizing, and then analyzing the findings. It is the goal of content analysis, as stated by Polit and Beck (2006), to organize and extract meaning from the data that has been gathered, as well as to develop conclusions that are grounded in reality. The researcher may choose to use either a manifest analysis, which is characterized by a wide surface structure, or a latent analysis, which is characterized by a deeper structure (Bengtsson, 2016). Both of these techniques are utilized in content analysis. It is acceptable to use the latent technique in situations where there are no predetermined beliefs, whereas the manifest approach is suitable in situations when there are previous assumptions. When the truth is visible to both readers and researchers, the manifest content analysis is suitable (Kleinheksel et al., 2020). This means that there is no need to determine the goal of the author or pinpoint a deeper meaning. Our interview guide questions were simplified enough to reveal respondent’s truth and intent without identifying deeper meaning.

CHAPTER FOUR

DATA ANALYSIS FINDINGS AND DISCUSSION

4.1 Introduction

This section summarizes the findings of data obtained with the intention of addressing the study objective, which was to determine how the deployment of strategic management practices by the large supermarket chains influences their competitive advantage in Nairobi County.

The conclusions of the study are derived from the replies to the questions that were asked during the in-depth interviews as well as the personal observations held by the researcher. We reached out to seven grocery chains that are in the top ten in terms of the number of branches, and five of them accepted our offer, while two of them rejected. 71 percent of people responded to the survey. The qualitative data that was acquired via the deployment of an interview guide was thoroughly analyzed through the utilization of content analysis, and the interpretations that were pertinent were created based on the findings of the examination. The study was conducted on a number of different themes, and the results were organized and presented in a manner that was consistent with those topics. An examination of the results of the research was presented as the chapter's conclusion.

4.2 Sample Characteristics

The researcher collected data through interviews with 5 senior managers of supermarket chains are amongst the top 10 in terms of number of branches. These are Naivas, Quickmart, Cleanshelf, Khetia and Kassmart. These 5 supermarket chains are well established in Kenya and have collectively more than 16000 employees making them among the top large private employers in Kenyan. The 5 chains interviewed have a combined 202 branches out of 339 branches of all supermarket chain branches countrywide therefore they represent 59%.

Amongst the 5 are Naivas and Quickmart, Kenya's top 2 supermarket chains in terms of numbers of branches and are currently majority foreign owned while the other 3 chains, Cleanshelf, Khetia and Kassmart are fully locally owned family businesses. Naivas and Quickmart supermarkets operate three types of store formats namely hypermarkets, supermarkets or express stores. The other supermarket chains operate either of hypermarket or supermarket format depending on the size of the store.

4.3 Vision and Mission

Based on the findings of the investigation, it was determined that each of the five supermarket chains have a vision and purpose statement that is recorded and was produced after conducting an exhaustive search and evaluation. The respondents explained that their vision and mission statements communicate the purpose their organizations exist, their broad goals and inform on their strategic direction of policies deployed to achieve their mission objectives. Four chains, Naivas, Quickmart, Cleanshelf and Khetia have set their vision statement focus on East Africa which explicates their desire to expand within the region. All five chains vision statements were found to focus on being the best retail chain, most effective and most trusted. The mission statements of all the supermarket chains focus on delivering exceptional customer experience, create a sustainable business, offer quality service, offer wide choice, offer competitive prices and being sensitive to their customers, society and the environment. The Quickmart Environmental policy and living its values was more pronounced especially at the restaurant area where there are deliberate efforts to separate types of trash for recycle purposes.

4.4 Environmental Analysis

An environmental analysis is a process that entails researching the surroundings of a store in order to identify the possibilities and challenges that it is confronted with. Additionally, this research takes into account the evaluation of the supermarket's internal strengths and shortcomings in relation to the operational environment. Using a SWOT analysis, senior management in supermarkets may better understand how their businesses are operating. The purpose of doing a SWOT analysis is to provide management with the ability to decide how they can make the most of their strengths, fix their weaknesses, capitalize on opportunities, and reduce the risks that the firm faces.

All the stores carry out SWOT analysis in their strategy sessions. Naivas and Quickmart were found to have strengths of deeper financial muscle which they leverage to expand to new geographies, rebrand their stores and refurbish their stores lighting and layout. They also highlighted a weakness of having to develop local suppliers for categories like fresh produce to compete with smaller chains, independent supermarkets and even dukas in the geographies they are expanding. Quickmart stated that "*The independent supermarkets in the counties outside Nairobi are very strong for they have established local supplier networks over time and have an advantage on items like fresh groceries. In these areas we have to develop local suppliers for fresh produce to catch up".* Cleanshelf and Khetia are responding to new wave of rebranding by Naivas and Quickmart by also rebranding their stores and opening more branches. Kassmart is consolidating in areas around Kasarani and Githurai to stem off inroads made by the bigger chains in her stronghold. The threat of local traditional trade in form of dukas was also noted. Naivas stated *"Kenya has a 30% formal trade and 70% informal trade market share split and therefore to be successful a chain, one has to take the informal trade's mini supermarkets and dukas as a serious competitor"*

One common response by all interviewees was a general acceptance that market entry into Kenyan supermarket space by local and foreign investors is not difficult for there are few restrictions on entry. To that effect, they see more comings and goings of both local and foreign supermarket chains. Naivas, Quickmart and Khetia expect to see more consolidation of retail through mergers and acquisitions with the latter having acquired around 11 stores of former Society supermarket two years ago. Another common view was that there shall always be space for smaller independent supermarkets in the neighborhoods for they offer convenience and sometimes credit.

4.5 Setting of Supermarkets Objectives

As a result of the investigation, it was determined that the supermarkets' strategic plan included an evaluation of the goals that they had set for themselves. It was noted that objectives are set by the senior management who include MD, Deputy MD, Chiefs of Strategy, Administration, Finance, Commercial, Human Resource, Technology and Supply Chain. Each division has top managers who either craft division specific strategies or implement strategies that actualize policies from the board of directors of the group. The set objectives are communicated by decisions run down from the board to the senior managers of each division. The senior management team also has a role in crafting strategies especially those that affect the whole organizations and require cross-departmental collaboration. Mid-level managers that includes branch manager and other departmental operational managers are responsible to execute at store level of the supermarkets. Most of the communication is done through variety of channels from meetings, emails, phone calls, WhatsApp and notice boards. Also includes one-on-one from heads to their juniors.

The employees are aware of the set objectives since there is frequent and constant feedback from top bottom and vice versa and employees are aware of their roles and responsibilities to make sure customers have a pleasurable experience shopping. Quickmart stated *"our employees are aware of the organizations policies, for example, on our environmental policy that advocates for reduction in wastage, recycle and eliminate plastics, the employees implement this policy even the in-house restaurants and the fresh produce sections*". The interviewees were asked to what are the top constraints to achievement of their objectives. There was general agreement that regulators from both National and County governments sometimes give conflicting directives that result to business disruption. Changing consumer behavior making it more demanding and require more information on products being sold and also inflation has reduced the basket size due to dwindling purchasing power.

4.6 Strategy Formulation, Implementation, Evaluation and Control

An inquiry was made on whether their strategic plans are written or unwritten. It was established that formal plans are written and constantly reviewed. Long-term projects were found to take 5 to 10 and these included plans to expand outside Kenya. Naivas stated that "*For market entry to countries outside Kenya, its more complex and it shall take longer term planning that may exceed 10 years. Our supermarket is yet to break ground outside Kenya which is a deliberate strategy to first expand market share locally*". Medium-term plans were found to take around 3 years. The strategy formulation process greatly influences prioritization, validation of supermarket business goals, alignment, and resource allocation. It was determined that the supermarket chains do not operate in a vacuum and keep abreast with customers, consumer needs, and market trends and more so when formulating strategies.

The supermarkets review their plans daily, weekly, monthly and annually based on metrics they have set to gauge their performance. In instances where they lag behind for instance sales, remedial action is taken in terms of tactics like targeted promotions. The interviewees were asked how their internal plans were communicated. It was found that most of the supermarkets communicate internally through meetings, email and WhatsApp. From the findings, supermarket chains have built a culture that ensures the employees are prepared through training and effective communications to implement the strategies for the supermarket to reach its goals. In strategic management, communication plays a fundamental role in implementing systems.

All the interviewees felt that there is effective communication across the supermarket in that they are aligned with the critical mission and vision of the supermarket. The general view is that both internal and external communication are an integral part in their quest to achieve their vision and objectives.

The interviewees were asked to state the challenges they face during strategy formulation. It was found that normally supermarket chains have additional policies and strategies that independent single store supermarkets may not have for they have more employees across different region of the country and also have bigger logistics and administration departments. The exception here was Kassmart whose operations are just in Nairobi. Quickmarts example of an extra layer of additional policies they carry is sustainability policies of curbing waste by reduce, recycle and reuse.

The research established that financial constraints were a challenge during strategic management and those with foreign ownership seemed to manage better for Naivas and Quickmart have opened over 60 branches within the last two years giving them number 1 and 2 leadership positions in the market. Khetia supermarket which is part of a conglomerate had its unique challenges as they stated *"Our supermarket policies and strategies are more complex than that of an ordinary chain or independent supermarket because this Supermarket is part of a group that has business has 6 divisions. These are Manufacturing, Restaurant (Gigabite), Bakery, Distribution, Wholesale and Retail (Supermarkets). Creating synergy between these units is a priority. Some exercises like CSR activities share resources so they are Supermarket group led".*

4.7 Stakeholders Influence in Decision Making

The researcher also sought to find out the extent of stakeholder's influence in strategic decision making geared towards achieving their goals and objectives. The purpose of strategic decision making is to assist in focusing the firms' energy into achieving shorter-term goals within a broad mission. The interviewees reported that regulatory bodies rules and regulations have a big impact in their decision making process. These regulatory bodies are both National and County Government and failure to comply results to penalties or business shut down. The respondents explained this is most problematic when ad hoc decisions are taken without consulting other stakeholders like business people then further down the road these decisions are found to be contradicting prior directives or contravene regulations form other government bodies.

Some of the regulatory bodies cited to have major influence on strategic business decisions were Kenya Revenue Authority and their taxation policies, County Health and Fire Departments regulations on food handling and Kenya Bureau of Standards on product quality standards and labelling. Khetia summarized this predicament well in their quote *"our supermarket branches are required to renew between 14 and 17 business licenses annually and these are specific to a particular branch so we are forced to dedicate a big team the first quarter of each year to chase for these licenses in different counties where our branches are located"*

Other stakeholders found to have major influence in decision making are customers, employees, suppliers, financiers, trade unions and local communities. On customers, it was noted that supermarkets have to meet and exceed their customer expectations as they offer a pleasurable shopping experience for they are the main reason the business exists. Naivas and Quickmart have category management teams and had clear understanding about the role specific product categories play in their strategy.

On employees, all the interviewees noted having the right talent matched with the right jobs was a key ingredient to the success of their supermarkets. Kassmart noted that retail management is not taught in colleges and they have to train potential talent from scratch and then remunerate adequately to retain. There was great emphasis from all respondents of hiring raw talent from the bottom scales jobs like shelf stockers and then train them and when opportunities arise promote from within. This according to the respondents yields stronger loyalty bonds. Quickmart stated *"we have live testimonials on the success of our policy on hire, train and promote from within where two persons, a former driver and a former shelf stocker, have risen through the ranks to become branch managers".*

It was found that the senior managers in all the chains interviewed had over 5 years working experience in their supermarkets and those with lower years had been hired from recently shut chains of Uchumi, Nakumatt and Tuskys. Quickmart stated retaining skilled talent is a big challenge and they have to give the right balance on working hours, provide remuneration and motivation perks that are in the top range of the industry and ensure other soft human resource management strategies are in place

On suppliers, all interviewees noted that they play a major role in availing logistics 7 R's that is, right products, right condition, right quantity, right placement, right time, right customer, right price. Naivas stated "*suppliers are key stakeholder and provide much needed cash flow to any retailer. We see our retail chain see as the link between the supplier and the consumer and this role is one we respect".* There was general agreement that the expansion of new branches especially in counties outside Nairobi affects positively the macro economy of the new areas for it provides ready market for local farmers in the fresh produce category.

On financiers, the chains that were hungry for expansion saw financiers whether local or foreign as key to their expansion plans while on the other had those that were not keen to expand too fast opined cash flow management is key for supermarkets are mainly financed by supplier money. Naivas summarized well the importance of financiers in their statement *"you cannot solely rely on supplier money for expansion of the business. Those supermarkets that have relied on this approach have ended up having cash flow problems leading to blacklisting by their suppliers and ultimately their closure"*

On trade unions, all interviewees noted supermarket chains are among the big private employers in Kenya and their employees are allowed by law to join trade unions and most non-managerial employees are members of the Kenya Union of Commercial, Foods and Allied workers which is an affiliate of the Central Organization of Trade Union (COTU). On interaction with the local community, all the interviewees responded they have national and at branch level corporate social responsibility (CSR) programs that interacts with members of the local communities where their stores are located. Some examples given were charitable donations to slums, schools, children's homes; clean environment initiatives like collecting garbage, unblocking road drainages, street sweeping and tree planting; support of county government and churches CSR activities

4.8 Areas of Improvement

The researcher also sought to find out areas of improvement in strategic plans formulation and implementation. It was noted that all the supermarket chains have a CEO with a dual role of sitting on the board where policies are made and also leads the senior management team that is in charge of translating the goals and objectives of polices into actions. Three areas identified for improvement in strategic plans were optimizing customer service delivery, adoption of appropriate technology and gaps human resource management.

On customer service delivery, there was general agreement that each chain tries to have within their stores one standard of service delivery but some of their stores lag behind the others in their effort to offer pleasurable shopping experience to all their customers. These differences were noted to be human related where some branch employees serve customers better and in other cases non-human factors like availability of shopping mall space which affects store location and parking, differences in store layout affects ambience and supplier networks for items like fresh produce may not well developed in newly opened branches.

On technology, the interviewees cited challenges in identifying, purchasing, installing and adopting versatile Enterprise resource planning (ERP) software system that assists in running the entire business from supporting automation and providing platforms for alternative payments for customers like Mpesa, credit and debit cards, supporting processes in finance, tracking of products and other supply chain functions like procurement, supporting e-commerce etcetera. These challenges include the high costs of the ERP and associated training cost of employees so that they can effectively utilize the new technology. On gaps in human resource management, the interviewees noted there are very few colleges offering retail management and they have to continuously train their employees to learn and adopt to their ways of working. This involves huge allocations in their budget for staff training and development, coaching and mentorship, offering attractive salaries and having worker retention programs.

4.9 Challenges Facing Supermarket Sector in Kenya

The interviewees were asked to indicate main challenges facing supermarket sector in Kenya. All interviewees said online stores explosion for example Amazon, Jumia and Jiji where customers can buy online even for products outside Kenya is affecting brick and mortar stores. Supermarkets are forced to adapt by having their own online sales and even offer delivery to be competitive. They noted that there is some element of unfair competition between non-supermarket online stores and regular supermarket online divisions for the former do not have the same regulatory challenges facing them like KRA, County Health and many more. These benefits are passed on to consumers in form of prices creating a perception that local supermarket online stores are expensive.

Another challenge facing supermarkets cited by all interviewees was inflation that has reduced the purchasing power of their consumers. Niavas stated *"the high cost of living reducing the store basket size and our customers are moving from modern trade to traditional trade formats like neighborhood dukas where they enjoy facilities like credit"* Other challenges mentioned were lack of adequate capital to finance branch expansion due to the high cost of credit in Kenya, lack of expansion space due to lack of adequately sized shopping malls and lack of adequate time to fully engage in strategic management process for they are undermanned and manage their operations on day to day basis

4.10 Discussion of Findings

The purpose of the study was to determine the strategic management techniques that are used by the management of the most successful supermarket chains in Kenya, as well as the impact that these practices have on the competitive advantage that these chains have in the supermarket industry. Hitt et al. (2016) state that a durable competitive advantage is achieved when a company effectively develops and executes a value-creating strategy for its clients that its rivals find difficult or too costly to mimic. This strategy serves to create value for the company's customers. The length of time that the company is able to take advantage of this competitive advantage is contingent on the speed with which the competition is able to acquire the required expertise and amass resources that bring the gap closer together. According to the findings of the study, supermarkets have well articulated vision and mission statements that provide an in-depth description of their fundamental principles, aims, and ambitions. The board of directors were responsible for vision and mission setting whereas the top management consisting of CEO and departmental heads were responsible for translating these polices into action by formulating strategies, implementation and review.

The research confirms Lamb (1984) views on the need for organizations to set goals and strategies that help them compete with current and potential competitors and have periodic reviews to assess the strategies effectiveness and review where necessary to counter emerging threats from the external environment like emerging competition, changes in technology and so on. It also confirms the relevance of Schendel and Hofer (1979) model that guides firms in development and execution of strategy where 6 best practices are outlined. These are set goals, scan the environment, and develop the strategy. Strategy evaluation, strategy implementation and strategy control

The research established long and medium term planning is an exercise taken meticulously by the top management of supermarket chains. Their long term plans of more than 5 years were reserved for which markets outside Kenya they should venture into and also which similar businesses can they merge or acquire. Their medium term plans revolved around opportunities for branch expansion, refurbishment and future technologies that needs to be adopted. This confirms Sebestova and Nowakova (2013) views that team leaders and managers should avoid day to day distractions and should of necessity compile a strategic document that details the goals to be achieved, resources required, marketing goals, financial goals and return on investment, project management timelines etcetera. This view is also supported by Karel et al., (2013) where the senior management of companies operating in different industries need to be highly focused on the strategic issues including where it is headed and what it is planning to achieve in the future.

The research established that due to the constantly changing face of retail in terms of changes in consumer shopping behavior, combining offline and online world, changes in technology etcetera, supermarket chains were constantly reviewing their internal support structures to respond to these changes. This confirms Waterman et al., (1980) views that an organization is required to undergo an internal self-reflection before major organizational changes which they summarized into the Mckinsey 7-S framework model. Carrying out a candid assessment guided by this models seven internal structures namely strategy, structure, systems, shared values, style, staff and skills would give the supermarket chains an honest view of where they are now, where they want to go in the future and what they require to successfully execute the required changes of its chosen strategy.

The research establised supermarket chains have polices and programs that are similar to a large extent. Their organizational structures do not have much differentiation. They tend to have similar logistics models where their central warehouse supply the branches for non perishable goods. For locally producted goods, the different chain stores of a similar formart tend to stock the same products for their suppliers are the same. Their customer loyalty programs are difficult to differentiate apart. There is movement of senior managers from smaller chains to bigger chains and also from recently shut chains to the currently active chains. They are also members of the Retail Assocaition of Kenya. This confirms Meyer and Rowan (1977) Institutional Theory where a firms' internal structure development is influenced by the program and policies of that profession or sector and also the interaction with its surroundings. Institutions in a similar industry tend to be the same for they are a reflection of the policies and program that govern the industry. Movement of personnel from one institution to another in the same industry tends to transfers same style.

The research established that supermarket chains were cognizant that there were not just entities whose sole objective was to make quick profits. The top management when crafting strategy have take into cosideration the requirements of other vital stakeholders. These stakeholders are intercennceted to their business and managing them is a crucial part of their job. Some of the stakeholders found to have a big impact on decision making were National and County Government Agencies like KRA and County Health, employees, customers, suppliers and financiers. This confirms Freeman (2015) Stakeholder Theory that argues firms have to manage in addition to their shareholders' other publics that have a stake in the business. It stresses the interconnected nature of the business with various publics that includes suppliers, employees, customers, government bodies, trade associations, financiers and investors.

The research established the Naivas and Quickmart strategy of selling part of their ownership shares to foreign investors has led to Competitive Advantage resulting from the injection of much needed human expertise and capital to finance their expansion. The two chains have opened over 60 branches in 2 years, carried out store refurbishment and rebranding. Critical roles like Chief of Strategy have been filled by foreign experts. The impact of the entry of foreign private equity investors into the local supermarkets is huge as both chains stated they have adequate funds to refurbish stores, expand product range and engage in category management, expand to new geographies, attract and hire top talent employees in the market all at the same time. This confirms to Gilbert et al., (2006) view that strategy and performance is heavily influenced by accessibility, timing and amount of financial resources for this enables or constraints the strategic decision making ability of the entrepreneur or manager.

The research established the ability to craft strategies that combine Offline and Online worlds in consumer shopping behavior was a source of Competitive Advantage. All interviewees shared the view growing online sales also has a positive impact on their offline sales for their customers enjoy the convenience of shopping and free delivery online also end up getting more product information from their websites which improves their chances of turning them to offline customers. In their view, this hybrid purchase journey where they combine both offline and online shopping depending on occasion gives the supermarket an edge over other supermarkets and completely online vendors like Jumia, Jiji and Amazon. Cleanshelf supported this argument by highlighting their online sales division has the shortest and fastest turnaround time from customer order to delivery and this has bagged them two awards, # 1 Best Customer Care Award and #3 Best e-Commerce Award from the Kenya E-Commerce Awards in 2022. This confirms Fatma (2009) view that most customers seek information on product features, attributes and price online before making their purchase decision. This use of the internet to research products and services online thus requires businesses to integrate their online and offline strategies.

The research established supermarket chains have built their competitive advantage around unique products or service. One example shared by all apart from Kassmart was their in-house bakery and ready food sections which was described as having very loyal customers attracted to freshness of these products. Quickmart noted their fresh produce section had developed the capacity of local farmers to deliver high quality fresh produce thus benefiting both the local farmer and their shoppers. This lends credence to the viewpoint expressed by Desfitrina et al. (2019), which states that a business may generate a competitive advantage by activities such as manufacturing, selling, delivering, and supporting their goods, provided that these activities establish a reasonably low cost position while maintaining a high quality as a foundation for developing difference.

The research established having different store formats and store layouts that fit different locations was a source of Competitive Advantage for this attracts a wider range of customers attracted by the convenience of shopping. Naivas and Quickmart operate three store formats namely Hypermarkets, Supermarkets and Express stores whilst other supermarket chains had either one or two of these formats. The express store format is smaller and can be located closer to estate neighborhoods or gas stations. This higher flexibility accords the bigger chains who operate more store formats opportunity to tap consumers of different types or expand in different locations. All interviewees noted ideal store location has big impact on having a pleasurable shopping experience so they seek to open their supermarkets in an easily accessible locations with ample parking. Quickmart noted a pleasurable shopping experience does not start at the store itself but from the point of finding convenient and safe parking space and ends when the customer is assisted to push trolley cart of shopping goods to next to their car and goods loaded to the vehicle. This confirms Nikola et, al. (2019) view that choosing the right store location and having the right store layout is a key ingredient for the success of a retail store.

The research established having good corporate governance was a source of competitive advantage. Naivas noted their supermarket has a system of rules, practices and processes that makes it clear how the organization is to be run and managed. This system balances the interests of various stakeholders that includes the financiers, shareholders, senior management, suppliers, customers, government and community.

Naivas asserts that their governance structures are clearly defined from the outset, ensuring that family members involved in the business are aware of their ownership and responsibilities. This effectively minimizes conflicts among family members, a significant factor in the downfall of family businesses in Kenya. This supports the perspective of Sarbah & Xiao (2015) that family businesses should use effective corporate governance frameworks and procedures to improve company performance. Additionally, these structures provide guidance on how the business should be managed and how various stakeholders should interact with each other.

The study has shown that the attainment of exceptional customer service may be used as a means of gaining a competitive edge. Quickmart noted that their supermarkets has in-house training modules of handling customers in which employees are taught how to attend to shoppers well, assist with information on the shelves, smile at the cashiers and help push the trolley cart to the customer's cars. This practice happens in all branches and is tracked for complaints and continuously improved on where there is need. Quickmart further stated *"Currently half our branches operate over 24-hour service. Our 24-hours service is changing consumer shopping behavior and created a niche market which is a new opportunity for us. We have observed whole families coming to our stores at mid night in pajamas for shopping and in-house deli restaurants. These shoppers main motivation to shop at night is to avoid Nairobi's notorious traffic jam and face less human traffic in the stores then proceed for late supper in our in-house restaurants*". This confirms Bazan, (1998) view that providing excellent customer service results in customer satisfaction and enhances customer loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Specifically, the purpose of this research was to investigate the ways in which the strategic management methods used by the leading supermarket chains impact the competitive advantage they have in the market. An interview guide was used in order to gather the data, and content analysis was utilized in order to evaluate the data. This chapter provides a summary of the results that were addressed in the previous chapter. In addition to that, the conclusion, the limits of the study, and the topics that are indicated for additional investigation are all discussed in this part. A synopsis of the results of the research has been provided, along with an explanation of the purpose of the investigation.

5.2 Summary of Findings

According to the results of the study conducted on the strategic management methods used by the management of the five supermarket chains, it was discovered that these chains had vision and mission statements that were formulated after an exhaustive search and review process and were meticulously recorded. These communicate the purpose their organizations exist, their broad goals and inform on their strategic direction of policies deployed to achieve their mission objectives. As part of developing their strategy, the supermarket chains do scan their operating environment and engage SWOT analysis review and also engage in long and medium planning. They formulate strategy that is meticulously implemented and periodically evaluated. The board members and senior management team consistently interacted to develop policies that aligned with their vision and achieved the mission goals.

The study also established the Nairobi County supermarket space is highly competitive and the five supermarket chains have to embrace strategic management practices in order to survive. Their competitors include other supermarket chains, independent supermarkets, mini supermarkets and dukas. They also face competition from online vendors like Amazon, Jumia and Jiji. This highly competitive environment was expected to continue for there are few barriers to entry and so foreign and local investors are expected to come and go. There was appreciation that local businesses know the market better and therefore future entry by international players into the local scene is expected to come through mergers and acquisitions

It was established supermarket chains set objectives as part of their strategic plan. These objectives are set by the senior management and they set out what needs to be achieved by the whole team and by specific departments in their annual plans. The plans also detail the metrics to be used to measure success and timeframes of review. These plans are communicated further by departmental heads to their teams. The communication is done through a variety of channels from meetings, emails, phone calls, WhatsApp and notice boards. Also includes one-on-one from heads to their juniors. There were also formal and informal systems to support strategy.

It was established that the supermarket chains strategic decisions are heavily influenced by the actions of other stakeholders. Government agencies like KRA, KEBs, County Health and other regulators were heavily influencing strategy and the supermarket chains were allocating taking considerable resources and time in efforts to comply. In some cases, the regulators were cited to cause business disruptions from unclear or contradicting policies between agencies. Other important stakeholders mentioned were suppliers, customers and employees.

5.3 Conclusion

According to the report, supermarket chains should use the strategic management process, including vision and mission establishing, strategy creation, execution, assessment, and control, since it is necessary. The research also determines that it is important to effectively convey the vision and purpose statements of supermarkets to their staff throughout the implementation of the supermarket strategy. These statements provide staff with a clear understanding of the supermarket's strategic orientation and its goals for the medium and long term. Periodic environmental analyses should be conducted to collect and evaluate data on market conditions and other external or internal elements that impact the company's operations and business. The senior management should make the plans not in isolation rather they need to engage their employees on development and implementation of the strategy so that there is greater acceptance and willingness to support the strategy across the board.

The study also concludes that despite all the five supermarket chains having strengths in different areas and executing almost similar programs like loyalty cards, there were a total of 9 practices the research deduced as the basis of their success. These were have a well-documented vision and mission statements, have long and medium term plans, set goals and objectives that are implemented and periodically reviewed, keep constantly reviewing internal structures to adapt to the changing environment, have governance polices that guide employees and manage other stakeholders, build competitive advantage by leveraging on unique products and services, build competitive advantage by having excellent customer service, use different store formats for different locations and have a solid financing strategy to expand the business.

Two supermarket chains, Naivas and Quickmart, ticked all the 9 boxes and had two distinguishing features that sets them apart. First, they can apply any of their 3 store formats namely hypermarkets, supermarkets and express stores to reach more customers of different types and in different locations whereas other supermarket chains had up to 2 formats for none had express stores and secondly, their mixed local and foreign ownership model that has brought in capital and human expertise leading to the two chains being the trailblazers in the industry.

The research also comes to the conclusion that the strategic management process is a realistic strategy that can be used in supermarkets to bring about the fulfillment of goals and objectives that have been established by the firm. The strategic management methods that supermarkets have established and put into action need to be evaluated at regular intervals in order to guarantee that they are in accordance with the accomplishment of success for the firm. The implementation of strategic management methods in supermarkets is not a diversion; rather, it is an investment that calls for a significant commitment.

5.4 Recommendations of the Study

It is recommended that supermarket chains strengthen the capacities of their board of directors by recruiting persons that have shrewd business acumen for this team is tasked with key responsibilities that determines the success or failure of the business. These responsibilities include hiring of the CEO responsible for running day to day affairs, setting overall policies for the organization, carryout fiduciary duty to protect assets of the organization and shareholder investments, set forth policies on governance system, interact with the CEO at set periods to get informed on progress and execute their monitoring and control function by hiring an auditor and periodically review and act on audit reports.

It is recommended that supermarket chains engrain and enhance the strategic management process as part of their ways of working so that it becomes part of their corporate culture. Their strategy plan need to have broad goals reflecting their desire and strategic direction of the firm. The plans should entail specific objectives that can be implemented, measured and reviewed on an ongoing basis and correction mechanisms applied to close gaps. A lot of strategic failures have been attributed to inadequate execution, which is why the management should give equal priority to both the creation of the strategy and the implementation of the plan.

Additionally, it is essential that supermarket chains convey their vision and objective to their staff, as well as their comprehensive strategy plan, prior to being put into action. At the same time as this will lessen friction inside the business, it will also provide the workers a feeling of ownership and belonging in the process of accomplishing the objectives. The supermarket industry, which is one of the largest private employers and among the top economic contributors in the country, should collaborate closely with academic institutions and relevant government ministries to develop retail courses that close the skills gaps that are currently being experienced in the market. This is a recommendation that must be taken into consideration.

It is recommended that the board and senior management of supermarket chains formulate and implement formal succession plans. Consequently, this will guarantee that the advantages of succession planning are achieved across the whole of the firm. This is particularly important locally owned family businesses planning to pass on the baton from older to younger generation.

It is also recommended policy makers and market regulators should enact policies that encourage mergers and acquisition especially between successful local chain stores and foreign supermarket chains. This blends local knowledge with foreign expertise and this has proven to be a winning formula for market entry

5.5 Limitations of the Study

This study's respondents were senior management, and the majority of the time they were involved in their work because of the nature of their jobs and the hectic schedules they had to fulfill. To answer all of the questions that were necessary to be responded to, it was impossible to conduct a thorough interview session with them because of this. It was necessary to conduct the interviews via phone conferencing since some of the people who were being interviewed were not immediately accessible to meet in person for an interview.

The scope of the case study was restricted to the five supermarket chains, thus its findings may not be applicable to other supermarkets. It is impossible to generalize the results since the five supermarket chains are distinct from other supermarkets in the industry. There is a possibility that the findings obtained from these five supermarket chains might be different from those obtained from other supermarkets.

The case study technique necessitates a profound reaction to the event that is being studied, which may sometimes lead to the conclusions of the research being skewed out of proportion. Other considerations, such as the possibility that some respondents were dishonest or prejudiced in their responses, were also a limitation of this research. For the purpose of increasing the representation and enabling a more thorough assessment of the consistency of the information that was provided, it would have been vital to have more responders, particularly from the other smaller grocery chains. The researcher did, however, examine for inconsistencies in the material that was provided, but not a single one was discovered.

5.6 Suggestions for further research

According to the findings of the study, more research should be conducted to conduct an in-depth analysis of the effect of strategic management practices on competitive advantage. This analysis should be conducted using a variety of theories and literature in order to improve the strategic management practices being used by supermarket chains. The discovery of any further management techniques that influence competitive advantage will be made possible as a result of this.

It is also recommended that a comparison research be carried out in order to determine the manner in which strategic management is implemented in other supermarkets located in Kenya. This is going to give further information on the similarities and differences between the two. This will also allow for a better understanding of the reasons why some firms are more successful than others. It is possible for other researchers to use this study and utilize various approaches, such as the use of junior workers as respondents, in order to identify the manner in which strategic management principles have been implemented by the main supermarket chains.

The findings of this research contributed to the existing body of information on big supermarket chains by providing a comprehensive understanding of the relationship between the strategic management techniques that these chains use and the competitive advantage they enjoy via their operations.

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APPENDICES

Appendix I: Interview Guide

1. Background information:

Date established	______________	Employee No. *Over*	____________
Annual Sales *Over*	______________	No. of Branches	____________
No. of formats	______________	Foreign ownership %	____________

2. (i) Vision Statement ____

   ____

   (ii) Mission Statement ____

   ____

3. Setting of business objectives review
   - Who/which team sets? ____
   - Who communicates? ____
   - How are they communicated? _____________________________________
   - Are employees aware? ____
   - What are the top constraints to achievement of your objectives? (rank from most important) ____
4. Strategic planning formulation and implementation review
   - Are the plans written/unwritten? _____________________________________
   - What is your time frame for long-term plans? ____________________________
   - What is your time frame for medium-term plans? __________________________
   - How often are plans reviewed? ______________________________________

- How are the plans communicated? (in meetings/written/informally) __________
- What are the top challenges faced? (rank from most important) ______________

5. Weakness and Threats review

- Who are your current major supermarket chain competitors? ________________
- Who are your current independent supermarket competitors? ________________
- Which are the possible new entrants expected in near future _________________
- Describe any strategies that current competitors have competitive advantage, for example, product range, store image, communication, location or pricing? _____
- What are your improvement areas?

  ____

6. Strengths and Opportunities Review

- Describe any assets or strategies that are unique to your stores which competitors find difficult to imitate? ____
- What attracts customers to choose your store and not any other? _____________
- What are your strength's? ____
- How do you retain your customer loyalty? ______________________________

7. Which stakeholders below have big influence on running your decisions? Explain?

- Regulatory bodies? ____________________
- Trade unions? ________________________
- Financiers? __________________________
- Employees? _________________________
- Suppliers? __________________________
- Customers? _________________________

- Local communities? ___________________
- Any other? ___________________________

8. Which areas does your company excel and/or need improvements?

- Strategic plans formulation and implementation? ___________________________
- Structure of departments and personnel is aligned to strategy? _______________
- Systems both formal and informal support strategy? ________________________
- Style of communication is effective and employees know what is expected? ___
- Staff are well resourced and trained adequately? ____________________________
- Skills of employees tracked and gaps filled regularly? ________________________
- Shared values like strategies, policies are clear to employees but not outsiders? __

9. What are the main challenges facing supermarket sector in Kenya?

   ____

10. In your opinion, what is the future of the supermarket sector in Kenya? ___________

Appendix II: Supermarket Chains in Nairobi County

Supermarket Chains in Nairobi County

	Supermarket Chain Name	No. of Branches
1	Chandarana Supermarket.	29
2	Cleanshelf Supermarket	15
3	Defence Forces Canteen Organization (Defco)	28
4	Gilmart Supermarket	4
5	Kassmatt Supermarket Ltd	5
6	Khetia Supermarkets	24
7	Leestar Supermarket - Githurai	4
8	Majid Al Futtaim Hypermarkets (Carrefour)	22
9	Muhindi Mweusi	9
10	Naivas Supermarket	99
11	Northview Supermarket	5
12	Powerstar Supermarket	11
13	Quickmart Supermarket	59
14	Tasya Supermarket	4
	TOTAL	**318**

Notes: *1. Nairobi County includes Nairobi and its satellite towns*

2. The chains number of branches highlighted is for total Kenya

Source: Kimberly-Clark Kenya Sep 2023

Appendix III: Supermarket Chain formats in Kenyan context

Hypermarkets: Size above 30000 Sq ft.

Supermarkets: Between 10000 and 30000 Sq ft

Express Stores: Below 10000 Sq ft

Source: *Quickmart & Naivas Supermarket Marketing Departments*