

**COMPETITIVE STRATEGIES ADOPTED BY EXHIBITION STALLS IN THE
NAIROBI CENTRAL BUSINESS DISTRICT**

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**A Management Research Project Submitted In Partial Fulfilment of the
Requirements of the Master of Business Administration (MBA) Degree, School of
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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other University.

NAME OF STUDENT.....

REG. NO. D61/P/8594/04

SIGNED**DATE**.....

I confirm that I am the supervisor of this student and that I have read this final draft and I believe it to be the student's own original work.

NAME OF THE SUPERVISOR

SIGNED**DATE**.....

DEDICATION

This project is dedicated to members of my family for their support during the entire course of my MBA studies.

ACKNOWLEDGEMENT

I would like to thank all those that helped me to ensure the success of this project. This included the several owners of exhibition stalls in the city centre that took time out of their busy schedule to respond to my questionnaire.

I would also like to thank all those research assistants who helped me in carrying out the research. I would also like to thank my supervisor Mr. Jeremiah Kagwe for the useful comments that he gave to me in carrying the research.

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ABSTRACT

This project analyses the strategies adopted by small-scale enterprises focusing specifically on the exhibition stalls within the central business district of Nairobi. This study was specifically carried out on the exhibition stalls in the study. The objective of the study was to establish the strategies adopted by small-scale entrepreneurs.

The study sought to investigate the strategies that the exhibitions stalls had formulated in order to survive the competition in the industry. In this study, primary data was collected using questionnaire method. A descriptive design was used in this study. A total number of 180 exhibition stalls were involved in the study. The researcher used a simple random sampling to identify exhibition stalls owners that would respond to the questionnaires.

The result of the study showed that there was strong competition in the exhibition stalls in the country and that the owners had taken strategic measures to respond to the challenges they face. Such strategies include being low cost leaders, customer service and product differentiation.

CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations are open systems and thus continuously interact with the external environment. Daft (1986) defines the external environment as those elements, factors and conditions outside an organizations' boundary which have the potential to affect the whole or part of the organization. The dependency on the environment is evident by the entity's continuous demand for inputs such as human and financial resources and also the fact that the organization returns the processed inputs to the same environment.

The environment is composed of legal, political, socio-economic, technological and competitive factors .In the last 20 years the political and economic environment have changed considerably (Pearce and Robinson 2002). This has necessitated the need for organizations to change to keep up with the changing environment.

A firm interaction with the environment is essential for survival. Hoffer and Schendel (1978) assert that for firms to be effective and hence be successful they should respond appropriately to changes that occur in their respective environments. The Structural Adjustment Programmes (SAPs) introduced in 1985 by the World Bank and the International Monetary Fund (IMF) triggered off a series of economic reforms. The SAPs were meant to arrest economic decline and stimulate growth. Very few firms had anticipated the reforms and the result was extreme competition and emergence of issues that firms were not initially exposed to. Since then, the Kenyan business environment has been undergoing drastic changes. Some of the changes include accelerated implementation of economic reforms, liberalization of the economy, discontinuation of price controls, privatization and commercialization of public sector and increased competition.

The environmental changes have exerted pressure for business to respond to the new environmental situations. Small business enterprises in Kenya and Exhibitions stalls in Nairobi have had to adopt strategies to cope with the environmental turbulence.

The usefulness of strategy is entrenched further by Aosa (1998) in his argument that strategy is of value to managers when dealing with problems that are potential to their organization. Competitive strategies are therefore a result of strategic management. Pearce and Robinson (2002) concludes that strategy is a reflection of a company's awareness of how to compete, against whom, when, where and for what. The essence of strategy is highlighted by Munschrift (1999) as follows; "that strategy appears to be a learning action, behavioural, holistic and continuous process"

The International Labour Organization (ILO) in 1972 carried the 1st comprehensive study in Africa on the small business sector. The study resulted in a policy document entitled "SME Equity" which formally recognized the sector. Since then the government, development agencies and researchers have increasingly been focusing on the sector.

In GOK (1997) and National Poverty Eradication Plan (1999-2005) the government focused on the small enterprise sector as a solution to the problem of unemployment and industrial transformation. There are a several arguments that have been advanced on the potential of small enterprise sector in employment creation and industrial transformation. Small enterprises are labour intensive and use unskilled labour therefore can create more jobs than formal sector. It has been observed that during periods of economic recessions there is a pattern of shifting employment from the larger enterprises to small firms. A study done in Tanzania by the World Bank in 1985, when the economy was at its lowest revealed that larger firms contracted while smaller and medium firms expanded (Liedholm, 1990).

1.2 Nature of Small-Scale Business

Small scale enterprises are basically retail outlets. Their business revolves around selling goods and services to the final customers. Small business is one that is managed by its owner and is highly personalized; largely local in the area of operation and largely dependent on internal source of capital to finance its growth (Banernback 1998).

Exhibition halls are storey buildings, usually sub-divided into small cubicles (stalls/exhibitions) which are then rented out to different entrepreneurs to carry out various types of businesses. The most common operations are mobile phones and their accessories, electronic goods, boutiques among others. Rent payment is usually done on a daily basis although this is changing to monthly payments.

Small-business is a relative term and whether small or big, it will depend on the industry in which it operates and vary from one economy to another. Small scale businesses are categorized depending on the number of workers employed, legal formalities and capital investment involved. Still in the small scale, there is the category of the informal, or “Jua Kali”, small-scale and medium scale. (Kariuki 1989).

Small-scale enterprises operate in various sectors of the economy and can be found almost anywhere. They are in trade, service, agri-business, manufacturing electronics etc. they include a variety of firms ranging from handicrafts, woodwork, furniture, welding, tailoring, bakery, food processing and even in computers. For the purpose of our study, our interest on small-scale businesses will be in the market stall (Exhibitions) in Nairobi central business district.

(GOK 2003) defined informal sector as an activity that uses less capital per workers employed than used in modern sector. Recent definition by the government refers to the informal sector as semi-organized and unregulated activities largely undertaken by self-employed person in open air markets, market stall or on streets. “Jua Kali” on the other hand has been taken to mean those operating on the scorching sun, in the open like the

Gikomba artisans. The term continues as to be use today for even activities under shelter. It is a term that also means a small business individually owned or family owned.

Small scale business categories

1. workers employed category

- a) informal –‘Jua Kali’ employs 1-9 people
- b) Small-scale employs 9-49 people.
- c) Medium enterprise employs 50-100 people.

2. Legal formality and ownership.

The business may not be registered and are usually independently owned either by the individual person, family owned or by a small group of people.

3. Capital investment

Most small scale enterprise have low capital base. Technology used may be improvised and not modern. In most cases person employed are semi skilled and learn on the job.

Other characteristic of small-scale business include;

- High independence on local resources.
- Re-cycling of waste into useful products.
- Use of simple technology that are easy to adopt.
- Required low start-up capital.
- Low barrier to entry-hence easy to enter and easy to exist.
- Owners and managers are not clearly separated or distinguished.
- Management style is personal and informal with most employees being close family members or friends.

The term informal was defined in the ILO report on employment mission report of 1972 as the part of the urban economy that escapes enumeration in the government’s official statistics (ILO 1972). According to Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 (GOK 2003) the productive sectors in the context of the economic recovery strategy are agriculture tourism, trade and industry. These sectors

account for approximately 50% of GDP, providing 628,000 formal sector jobs and 3.7 million small scale sector jobs.

The survival and success of exhibition stalls to the changes in the environment depends on how they respond to these environmental changes. To respond to changes, the exhibitions need to understand the environmental factors that have changed. The success of their responses depends on how they will tackle the constraints they encounter.

1.3 Statement of the problem

The business environment within which the market stall operates has been very volatile. The political anxieties, competition from new entrants, social reforms, technological advancement and globalization are some of the challenges that have greatly affected the growth of this sector. These challenges cannot be ignored because the industry plays a significant role in our economy. The changes posed have serious strategic threat to existing firms and a good number of these market stalls are not able to survive the new turn of events e.g. those, which are still surviving have had to adopt urgent measures in form of competitive strategies.

Several studies have been carried out on strategic responses of firms to the changes in the environment in a number of industries. Waweru (2002) found out that small firms make adjustments to their strategic variables depending on their uniqueness to ensure survival. It recommended further research on small enterprises that deal directly with customers of all ages and of different backgrounds. Mpungu (2003) recommends that companies scan their immediate environment for survival purposes in a study on the strategic responses to changing environmental conditions a case of AAR Health Services Ltd

Studies have also been done in the small medium scale enterprise but there is no specific study done on the competitive strategies Market stall have adopted. This study therefore is meant to fill the void to study how small scale enterprises (exhibition stalls) are

strategically competing in this crowded and challenging setting. The research question therefore is what competitive strategies are adopted by Exhibition stalls in Nairobi to meet the challenges posed by changes in their external environment

1.4 Research Question

What competitive strategies have been adopted by exhibition stalls in the Nairobi Central Business District?

1.5 Objective of the study

The objective of this study is

- To establish the Competitive Strategies adopted by Exhibition Stalls in the Nairobi's Central Business District

1.6 Significance of the study

This study will be important to the following users;

Managers

It will help managers in identifying what in the external environment affect their organization and the possible response to be adopted.

Government

The government may use it in formulating policies that relate to the economic forces prevailing in the country that put pressure on the business and its citizens.

Investors

Potential investors in the sector will be informed on the challenges faced by the institutions already operating and therefore prepare themselves accordingly before entering the industry

Scholars

The research will be a useful source of reference for scholars and researchers who might be interested in carrying out further research based on the findings of the current study.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

The word strategy comes from the Greek word “strategos” which means the art of general or commander-in-chief. Strategy is a much used and abused word and means different things to different people and organizations. Ansoff (1965) warned that strategy is an elusive and somewhat abstract concept. This is expected when dealing with an area that is constantly changing. Pearce and Robinson (1991) define strategy as large-scale future oriented plans for interacting with competitive environment to achieve company objectives. It is the company’s ‘game plan’. While it does not detail all future development of resources, it provides the framework for managerial decisions. A strategy reflects company’s awareness of how, where and how it should compete and for what purpose.

Mintzenberg and Quinn (1996) define a strategy as the pattern or plan that integrates organizations major goals, policies and action sequence into a cohesive whole. Porter (1996), states that strategy is creating a fit among a company’s activities. The success of a strategy depends on doing many things well- not just a few- and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability.

Thompson and Strickland (1993) define strategy as the pattern of organizational moves and managerial approaches used to achieve organizational objectives and pursue organizational mission. Strategy is the match between an organization’s resources and skills, and the environmental opportunities it wishes to accomplish (Schendel and Hofer, 1979). It is important to provide guidance and direction for the activities of the organization. Strategy can also be seen as the process of deciding a future course for a business and has a role on organizing and steering the business in the attempt to bring that future course.

Aosa (1998), states that strategy is creating a fit between the external characteristics and internal conditions of an organization to solve a strategy problem. The strategy problem is a mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of an organization's core capabilities that correlate to the external environment enough to enable the exploitation of opportunities existing in the external environment and organizations internal capabilities.

In essence, strategy has to do with understanding where an organization will go in the future and how it will get there through the configuration of its resources within a changing environment to meet the needs of the market and fulfill the stakeholders expectations., as the environment is always changing, an organization must configure its resources to match the changes,. The changes may be mild or turbulent but must be marched accordingly by appropriate strategy.

Most organizations owe their initial success to a unique strategy positioning that is usually acquired through clear trade offs and in the alignment of activities to its positioning. However, through passage of time and pressure of growth, compromises are made and incremental additions of services or products and imitation of rivals become the norm, it is at this point that an organization begins to lose its clear competitive position strategy. Strategic positioning is therefore continuous process that is often not obvious but requires insight and creativity on the part of managers (Porter, 1996).

An organization must configure its resource and strategies to result in the most appropriate response to environmental changes which often tend to be turbulent and discontinuous.

2.2 Competition and Its Challenges to Organizations

According to Ansoff and McDonnell (1990) organizations are environment dependent and environment serving. Organizations are in a constant two-way interaction with the environment. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. They

therefore affect and are affected by what happens in the external environment, which is beyond the organization's control. Environmental change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive.

According to his study Miller (1998) stipulates that organizations exist in a complex commercial, economic, political, technological, cultural and social environment. These environmental changes are more complex to some organizations than for others. For survival, an organization must maintain a strategic fit with the environment. The environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty (Thompson, 2002). In addition, the competitive environment has been and continues to be driven by technological innovations, globalization, competition, extreme emphasis on price, quality and customer satisfaction. As a result, organizations must continuously create and innovate in order to stay relevant and be successful.

He further states that a sustainable competitive advantage is achieved when there is a strategic fit between the external and internal environment. An organization's external environment includes the economic forces, the social-cultural, demographic, political and technological factors, while its competitive environment includes; competitors, customers and suppliers. This external component should have a strategic fit with the internal environment, which includes the organization's systems, policies, resource capability and its corporate culture (Pearce and Robinson, 1997).

Wooldridge & Floyd (1990) notes that, the environment is a critical factor for any organization's survival and success. It should be seen as a biosphere in which individuals and organizations live over the long term and as a community project in which to be actively involved. It is a resource to be managed and to be shared, hence the need to effectively manage the value chain system and establish collaborations, partnerships and to get involved in social responsibility to enrich this resource and enhance the corporate image of the organization. It is noted that, many organizations are now more than ever

being involved in social responsibility activities since a good corporate image can also be a source of competitive advantage. It is imperative that managers apply critical investigation into the realities of the changing environment of this millennium through enlightened diagnosis of the problems it poses.

The political and economic environment for example, can influence the lifestyles and the health of the people. This same environment should also be seen as a system, which calls for profound understanding in order to improve decision-making and to recognize the links between the past, present, and the future and between local and global matters. This necessitates that strategic managers therefore, view the environment in all its context and perspective and understand the concept of strategic management.

2.3 Organizational Responses to Environmental Changes

Kombo (1997) established that for firms to be effective and hence successful, they should adapt appropriately to changes that occur in their respective environments. Such adaptation may be referred to as strategic responses (Schendel and Hofer, 1979).

Ansoff and McDonnell (1990) note that strategic responses involve changes to the organizations' strategic behavior. Such responses may take many forms depending on the organizations' capability and environment in which it operates. Well-developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. The strategic responses include new products, new markets, new processes, new services and new strategies for attacking the markets.

In his definitive work on competitive strategy, Porter (1985) propelled the concept of strategy and competitiveness into the foreground of strategic thought and business planning. The nature and degree of competition in an industry hinge on five forces; the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or services and the jockeying among the

contestants. The essence of strategy is coping with competition and appreciating how Porter's Five Forces shape a firm's business strategy. The purpose of competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition.

Porter (1980) asserts that the corporate strategist's goal is to find a position in the industry where his company can best defend itself against these forces or influence them in his favour. Knowledge of the underlying five competitive forces provides the groundwork for a strategic agenda of action. "They highlight the critical strengths and weaknesses of the company, animate the positioning of the company in its industry, clarify the areas where strategic change may yield the greatest payoff and highlight the places where industry trends promise to hold the greatest significance as either opportunities or threats". (Porter 1980) The contending forces during industry competition are illustrated in figure 1.

Figure 1: Michael Porter's 5-forces model on competition

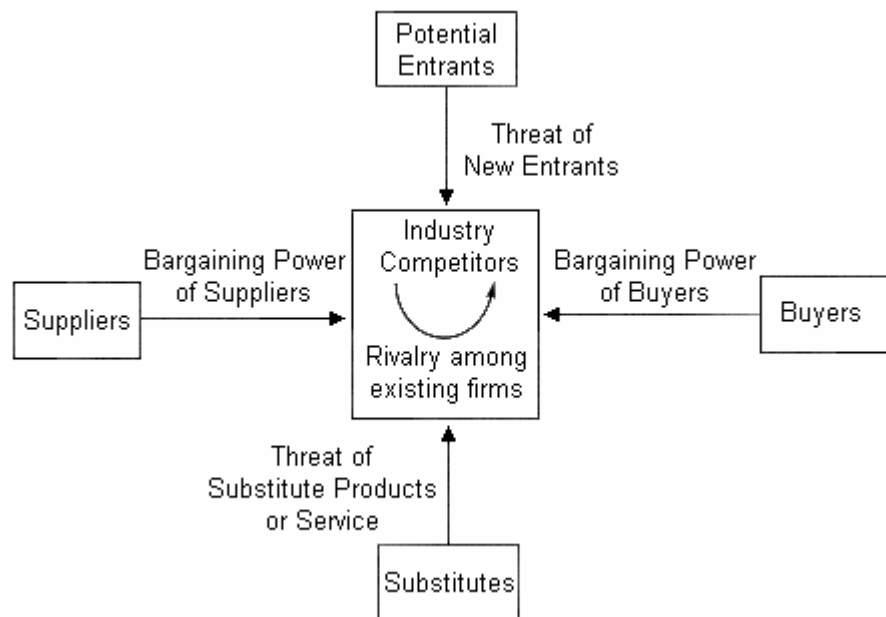


Figure 1: Source: Porter (1985)

The Threat of New Entrants:

The seriousness of the threat of entry depends on the barriers present and on the reactions from existing competitors that the entrant can expect.

Bargaining power of suppliers:

Harvey (1988) stipulates that suppliers can exert pressure on participants in an industry by raising prices or reducing the quality of purchased goods and services. Bargaining power of suppliers refers to the ability of suppliers to raise input prices, or to raise the cost of the industry in other ways.

Bargaining power of Buyers:

Harvey (1988) also states that customers can likewise force down prices, demand higher quality or more service and play competitors off against each other, all at the expense of industry profits. The bargaining power of buyers refers to the ability of buyers to bargain down prices charged by companies in the industry or raise costs of companies in the industry by demanding better product quality and service.

The threat of Substitute Products:

In modern business, e-commerce is fast becoming a major substitute to supermarkets (Kotler, 2001). The existence of close substitutes is a strong competitive threat because this limits the prices the companies in an industry can charge for their products and services.

Rivalry among existing competitors:

Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, product introduction and advertising slug fests,. Intense rivalry is related to the presence of a number of factors. If competitors are numerous or are roughly equal in size then industry growth is slow, precipitating fights for market share that involve expansion-minded members. If fixed costs are high or the product is perishable, then there is a strong temptation to cut prices (Porter, 1985).

2.4 Competitive Strategies

There are a variety of competitive strategies that organizations can adopt. Some of these are, cost leadership strategy, differentiation strategy and special focus strategy (Porter, 1980).

The aim of a cost leadership strategy is to achieve an overall lower cost than one's competitors without reducing comparable product/service quality. To do this requires a high volume of sales in order for organizations to structure themselves in such a way that they can achieve economies of scale. This strategy, requires the "aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization in areas like Research & Development, services, sales force and so on" (Porter, 1980).

According to Ansoff (1988) differentiation strategy is based on achieving an industry-wide recognition of different and superior products and services compared to those of other suppliers. This recognition can be accomplished through the design of special brand images, technology features, customer service or higher quality, all of which have implications for the structure and operation of companies.

According to Harvey (1988) achieving differentiation is likely to result in insulation against competitive rivalry due to securing customer loyalty. The resulting competitive advantage also leads to increased returns, sometimes through making customers less sensitive to high product price. Specialization by focus strategy is concerned with selecting (focusing upon) only certain markets, products or geographic areas in which to compete. Porter (1990) argues that by focusing in this way, it becomes feasible for a firm to dominate its chosen area(s). The method of achieving domination could either be through cost advantage or product differentiation.

According to Porter (1980) such niche markets must have certain characteristics which distinguish them from the market in general.

“...the target segment must either have buyers with unusual needs or else the production and delivery system that best serves the target must differ from that of the other industry segments

If the niche market grows, or it is incorporated into a larger market, then market dominance is unlikely to be retained. In such circumstances, the previously dominant organization will find itself having to compete for market share with others. In effect, the rules of the game change and a different strategy is required to either market, or adapt, thereby neutralizing the other competitors' cost advantage (Porter, 1985).

There are as many competitive strategies as there are competitors. However, beneath the subtleties and superficial differences, there are impressive similarities between different competitive strategies when one considers a company's market target and type of competitive advantage the company is trying to achieve (Thompson and Strickland, 1998). Five categories of competitive strategy approaches stand out as follows (Porter, 1980). Porter named these strategies generic because they are not firm or industry specific. They can be applied to a firm in any industry.

2.4.1 Cost Leadership Strategy

Harvey (1988) describes this as striving to be the overall low cost provider of a product or service that appeal to a broad range of customers. Cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offers its products and services to a broad market at the lowest prices. A cost leader's basis for competitive advantage is lower overall costs than competitors. Successful cost leaders are exceptionally good at finding ways to drive costs out of their business.

According to Ansoff (1988) the aim of cost leadership strategy is to open up a sustainable cost advantage over competitors and then use the firm's lower cost edge as a basis for under-pricing competitors, gaining market share at their expense, or earning a higher profit margin selling at the going market price. Firms acquire cost advantages by

improving process efficiencies, accessing lower cost materials, making optimal outsourcing, vertical integration decisions or avoiding some costs altogether.

According to Thompson and Strickland (1998) a cost leadership strategy has several advantages. Firms that practice this particular strategy have sufficient capital skills, experienced staff and efficient distribution channels. The cost advantage protects a firm from new entrants hence reducing competition. However, the risk of cost leadership is that competitors may leap frog the technology and production capabilities, hence eliminating the competitive advantage acquired from cost reduction.

2.4.2 A Broad Differentiation Strategy

Thompson and Strickland (1993) give this strategy as seeking to differentiate the company's product offerings from rivals in ways that will appeal to a broad range of buyers. The value of differentiation commands a premium price. In differentiation there is perceived quality and signals of value, whether real or not. The advantage of differentiation strategy is that the perceived quality insulates a company from threats from many of the five forces that determine the state of competition in an industry.

2.4.3 A Best-Cost Provider Strategy

According to Ansoff, (1988) strategy is giving customers more value for money by combining an emphasis on low cost with an emphasis on upscale differentiation. The target is to have the best (lowest) costs and prices relative to producers of products with comparable quality and features. Porter (1985) argues that a focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than competitors. Therefore, focus strategy can be of cost leadership or differentiation aimed at a narrow segment of the market. This strategy concentrates on a narrow buyer segment and out competing rivals on the basis of lower cost. A focused or

market niche strategy may however be based on differentiation. This strategy is based on offering niche members a product or service customized to their tastes and requirements.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design was a descriptive survey to assist the researcher to identify the competitive strategies adopted by exhibitions stalls in the Nairobi Central Business District. In Mugenda and Mugenda, (1999) the descriptive survey is a method, which produces graphs and pie charts according to the response that we get from the Exhibition stalls and be able to get percentages for the most used strategies.

3.2 Population

The population of interest consisted of various Exhibitions stalls in the Nairobi Business District. The Nairobi City Council has registered more than 4500 business that operate as exhibitions stalls (NCC, 2007).

3.3 Sample Size & Sample Selection

A stratified random sample of 250 Exhibitions stalls from the population was studied. These Exhibitions stalls are in the Nairobi Business District and have a licence from the Nairobi City Council. The sample was selected from two Main Street i.e. Tom Mboya Street and Moi Avenue. Each street was allocated 125 respondents who were randomly picked from the Exhibition Malls.

3.4 Data Collection

The data collection instrument used was a questionnaire which contained both open and closed ended structure questions developed by the researcher. This data collection was ideal for capturing the general objective and specific objective of the study. It was also easier for the respondents to answer the questions as asked. The data was collected by the researcher and two research assistants recruited by the researcher using a “drop and pick

later” method. The respondents were the business owners or those in charge of the business. See the questionnaire on appendix 1

3.5 Data Analysis

The data collected was analyzed using descriptive statistics. This involved the use of frequency tables, percentages, rank ordering, and means scores. Frequency tables were used for arraying data obtained to facilitate working out percentages in order to address the objective of the study. Percentages reveal the proportions of different attributes being studied for relative comparison. Rank ordering helped the researcher to rank different attributes/variables in the order of their representation to address objectives of the study. Mean scores, rating scales, such as the Likert scale, were also be used to analyze the data collected.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents analysis and findings of the research. Findings in this chapter have tried to fulfil the objectives of this study. A total number of 180 respondents were involved in the study out of the target population of 250 thus a 72% response rate.

4.2: Title of respondent

This section sought to find out from the respondents the title of the respondents

Table 2: Title of the respondent

Title	Frequency	Percentage
Owner	144	80
Workers	36	20
Total	180	100

It can be seen from the above table, that majority of the respondents were owners of the exhibition stalls, comprising of 80% of the total population, while only 20% were workers in the exhibition stalls.

4.3: Number of years in operation

This section sought to find out the number of years, the exhibition had been in operation.

Table 3: Number of years in operation

Years	Frequency	Percentage
0-5 years	117	65
6-10 years	23	12.8
11-15 years	20	11.1
16-20 years	13	7.2
Over 21 years	7	3.9
Total	180	100

Majority of the stalls involved in the survey had not been in the business for long, 65% had only been in operation for 5 years or less, 12.8% had been in operation for years between 6 to 10 years, 11.1% had been in operation for between 11 to 15 years, 7.2% had been in operation for between 16 to 20 years and only 3.9% had been in operation for over 21 years.

4.4 Gender

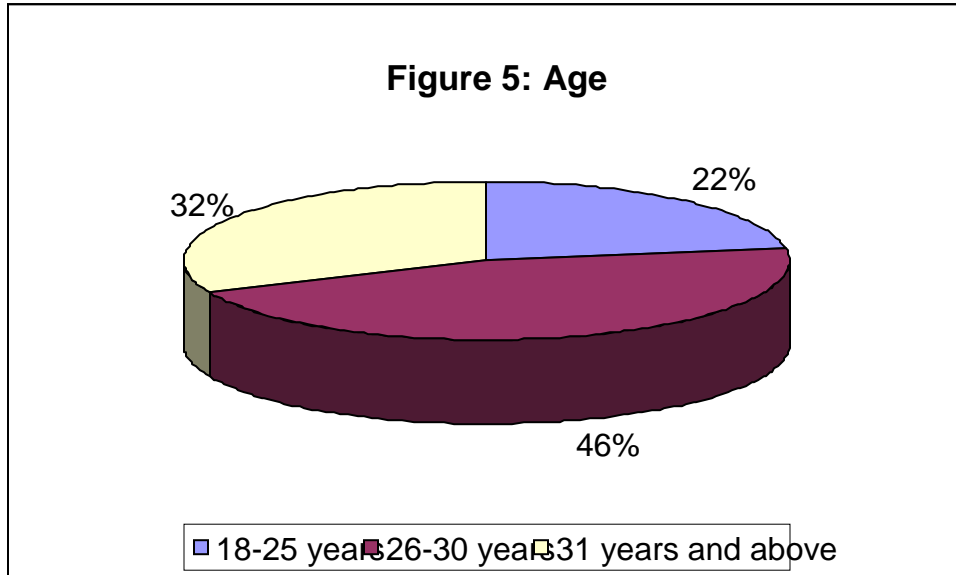
This part sought to find out the gender of the respondents and the results are as shown in the table below:

Table 4: Gender of respondents

Gender	Frequency	Percentage
Male	82	45.6
Female	98	54.4
Total	180	100.0

Majority of the respondents were female, represented by 54.4% of the respondents, while 45.6% were male.

4.5: Age of respondents



It can be seen from the above figure, that a majority of the respondents comprising of 46% of the respondents were aged between 26 to 30 years, while 32% were aged 31 years and above, while 22% were aged between 18 to 25 years.

4.6 Level of education

This part sought to find out the level of education of the respondents. The results are documented in the table below.

Table 6: Education level

Level	Percentage	Percentage
Primary and below	3	1.7
Secondary	87	48.3
College	56	31.1
University	34	18.9
Total	180	100.0

Source Author (2007)

Majority of the respondents 98.9% had been achieved secondary education and above, of this 48.3% had secondary education, while 31.1% had college education, 18.9% had university education while only 1.7% had only achieved primary education.

4.7: Vision of the business

This section was meant to find out if the respondents had a business vision.

Table 7: Presence of a vision

Response rate	Frequency	Percentage
Yes	156	86.7
No	24	13.3
Total	180	100

Source Author (2007)

It can be seen from the above table that a many exhibition halls had vision for their business comprising of 86.7% of the respondents, while only 13.3% of the respondents did not have a business vision.

4.8: Objectives of the business

This part was meant to find out, whether the businesses that were involved in the survey had business objectives.

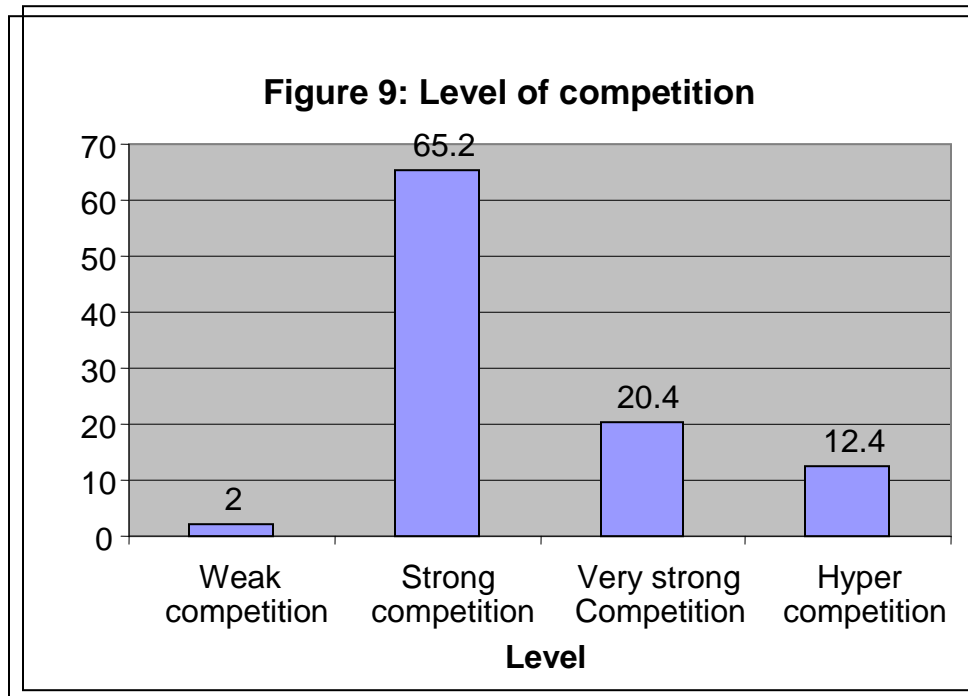
Table 8: Presence of objectives

Response rate	Frequency	Percentage
Yes	147	81.7
No	33	18.3
Total	180	100.0

The majority of the businesses, which were involved in the survey, had set objectives for their business comprising of 81.7% of the respondents, while only 18.3% did not have objectives for their business.

4.9: Competition in exhibition stalls

The section was set to find out the intensity of competition in the exhibition stalls industry in the country.



It can be seen from the above chart, that majority of the respondents agreed that there was strong competition in the exhibitions stalls industry comprising of 65.2% of the total population. The other 20.4% of the respondents said there was very strong competition, 12.4% said that there was hyper competition while only 2% said that competition was weak in the exhibition stalls in the country.

4.10 Product differentiation

This part sought to find out from the respondents, how they achieved product differentiation to be competitive.

Table 10: Extent of product differentiation

Extent	Frequency	Percentage
Very great	32	17.8
Great	47	26.1
Moderate	68	37.8
Little	22	12.2
Not at all	11	6.1
Total	180	100.0

It can be seen from the above table that majority of the respondents reported that they differentiated their products to moderate level as reported by 37.8% of the respondents, 26.1% reported to have differentiated the products to a great extent. On the other hand, 17.8% had differentiated their products to very great extent, 12.2% had differentiated their products to a little level and 6.1% had not differentiated at all. Therefore 93.9% differentiated their products

4.11 Low cost leaders

This part sought to find out the extent to which exhibition stalls quoted reasonable prices to the customer. The results are as shown in the table below:

Table 11. Extent of low cost leaders

Extent	Frequency	Percentage
Very great	55	30.6
Great	65	36.1
Moderate	47	26.1
Little	8	4.4
Not at all	5	2.8
Total	180	100.0

Majority of the respondents comprising of 36.1% of the total respondents reported to have quoted the lowest prices to a great extent in order to attract customers, while 30.6% reported to be low cost leaders to a very great extent. On the other hand 26.1% reported to have used it to a moderate extent, 4.4% used it to little extent, while only 2.8% reported not to have used it at all. Therefore 97.2% used low cost differentiation strategy only 2.8% did not.

4.12 Customer service

This part was intended to find out the extent of the respondents' use of customer service strategies such as timely service, communication, brand image and customer care.

Table 12: Extent of application of customer service

Extent	Frequency	Percentage
Very great	55	30.6
Great	84	46.7
Moderate	32	17.8
Little	9	5.0
Total	180	100.0

Customer service was used to a great extent by 46.7% of the firms involved in the survey, 30.6% used customer service to attract more customers to a very great extent, 17.8% used it to a moderate extent while only 5.0% used it to little extent. Almost all respondents said they use customer service as a strategy to deal with competition.

4.13: Review of customer service strategies

This section sought to find out whether there was a review of customer service

Table 13: Review of customer service strategies

Response rate	Frequency	Percentage
Yes	118	65.6
No	62	34.4
Total	180	100

Majority of the exhibitions stalls involved in the survey did review their customer service strategies, comprising of 65.6% of the total population, while only 34.4% did not review their services.

4.14: Frequency of review of customer service strategies

This section sought to find out the frequency of review of customer care services

Table 14: Frequency of review of customer service strategies

Times of review	Frequency	Percentage
Once a month	16	8.9
After 2 months	26	14.4
Biannual	54	30.0
Annually	22	12.2
Never at all	62	34.4
Total	180	100.0

It can be seen from the above table that 30% of the firms involved in the survey reviewed their customer care services twice in a year, 14.4% reviewed them after 2 months, 12.2% reviewed them annually while only 8.9% reviewed them every month.

4.15: Strategies used to attract customers

There are numerous strategies that the exhibition stalls in the city had used in order to attract more customers. These include, offering low prices (97.2%), offering quality services (95%) as well as offering the latest fashions i.e. differentiation (93.7%). They were also located in strategic locations to ensure that they attracted customers.

4.16: Factors to remain competitive in the industry

Selling of fashionable products and making contacts with customers were among the strategies used by exhibition stalls in the city to remain competitive. Other factors employed by the stall owners in order to remain competitive include; lowering commodity prices, allowing customers to bargain, having promotions of their products, providing excellent customer service as well as keeping the business open most of the time including weekends.

4.17: Future of exhibition stalls in Kenya

The respondents reported that the future of exhibition stalls in the country would be bright especially if a number of conditions were met. This include, ensuring that the process of obtaining a licence was simplified, providing loans to traders as well ensuring that there are designated areas where exhibitions stalls can be put up in the city centre.

CHAPTER FIVE: SUMMARY OF FINDINGS AND RECOMMENDATION

5.1 Introductions

This chapter provides a summary of the findings, conclusions and recommendations into the competitive strategies adopted by exhibition stalls in Nairobi central business district.

5.2 Summary of the Findings

The findings indicate that majority of the businesses involved in the survey had been in operation for 6 to 10 years, meaning that they had good experience in the operations of the industry. Most of the respondents were females, since most of the exhibition stalls stock clothing, a business where mainly women specialize in. Most of the respondents too were aged 26 to 30 years and had achieved secondary education, while a considerable number had achieved college education as well as university education.

Majority of the firms involved in the survey had business vision as well as objectives for the business. This shows that these firms had incorporated the concept of strategy especially when they reported that the competition in the industry was strong. The presence of strategy was to ensure that these firms were in a position to ensure that they survived in the competitive industry and emerge as the winners in the field.

The last section of the questionnaire sought to find out the strategies that the exhibition stalls involved in the survey had implemented in their businesses. Product differentiation was being used in the industry and majority of the respondents reported to be using it to a moderate level, on the other hand low cost leadership was being used in the industry to a great extent as well as customer service. The respondents also reported to be reviewing customer care service strategies and majority of the respondents reviewed these strategies twice in a year.

There are also a number of factors which the exhibitions stalls within the central business district had taken in order to ensure that they remained competitive in the industry, these factors include; selling of fashionable products, making contacts with customers,

lowering the prices of products, allowing customers to bargain, having promotions of their products, providing excellent customer service as well as keeping the business open most of the time including weekends. The respondents also reported that the future of exhibition stalls in the country was bright especially with the economic growth. The respondents also reported that better growth would be achieved if they are able to access capital to ensure they expand their business.

5.3 Conclusions

Strategy is merely a matter of creating a unique position relative to the customers of the company. It is possible to argue that this is a reactive approach to strategic management since it involves adapting the resources or competencies of the firm to the market conditions and competitive posture. Strategic considerations become outside-in and positioning is the only key to competitive advantage.

Strategy has become important for exhibition stalls especially because of the stiff competition that is in the industry. The stalls are located next to each other and they are selling the same commodities and hence need to ensure they outdo each other by relevant competitive strategies.

One of the strategies employed is that of lowering the prices. This especially important to attract the customers since the commodities usually have a price tag on them and this is a first attraction to the customer. The next action is to quote the price as negotiable so that the customer can have a chance to bargain for whatever they want to buy. This strategy is one that is employed by majority of the stalls which were involved in the study.

Customer service is a strategy that is very important in attracting and retaining customers. This strategy involves ensuring customer satisfaction through; timely service, communication, brand image and customer care. The owners of exhibition strategy applied this strategy by ensuring the customers could return faulty items which could then be replaced. In case of electronic goods such as mobile phones the owners of the

stalls offered their customers warranties for between 3 to 6 months in order to build customer confidence on the genuineness of their products.

Position needs to be supplemented with other views of competitive advantage and forms of competition, with different time-horizons and characteristics in order to cope with the hypercompetitive dynamics of the new competitive landscape. The owners of exhibition of stalls were strategically located in areas where there was a large number of passers-by who they could easily turn them into customers with the exhibition of their products.

5.4 Limitations of the Study

Care must be taken to generalize the results of this study for the whole small scale industry in the country as there were some limitations. This is because it is only a number of the exhibition stalls in the city were involved in the study. Though this represents the small scale enterprises, there are other small scale enterprises such as those in the jua kali sector whose strategies may be fundamentally different from those of the exhibition stalls from the nature of their products. There are other people who also need to be consulted on issues regarding small scale enterprises such as the city council.

5.5 Recommendation

To Owners of exhibition stalls

The exhibitions stalls in the county are set to grow with many people buying from them because of accessibility. With the few barriers to entry, more players are set to join the industry and thus those who have formulated adequate strategies are the ones who will survive the cut throat competition.

One of the strategies that is set to determine the winners and losers in the industry is price. The price while not too low so that the customers can doubt the genuineness of the product must be affordable to the target market. The products must be of quality which can last for long. In this case those who want to make a quick buck by compromising

quality are set to lose since customers will be in a position to blacklist them and sooner or later they will run out of business.

Customer service is also very important for the survival of an exhibition stalls. This includes getting recommendations from customers for what they want; ensure that they supply customers with quick service and also the ability to provide after sell service. This is important because when customers are treated well they feel appreciated and will be in a position to come back again as well as bring other customers along.

5.6 Further study

To ensure that comprehensive strategies that are in use in the small scale enterprises, other studies should be done in other sectors such as the jua kali sector. This will ensure the relevant authorities will be in a position to take the relevant action on the small scale sector based on this and those other findings.

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Appendix 1

Questionnaire

SECTION ONE: GENERAL BACKGROUND INFORMATION

1. What is the name of the business ?(optional) _____
2. Title of the respondent (optional)_____
3. Number of years in operation
 - 0 – 5 6 – 10 11 – 15 16 – 20 Over 21
4. What is your Gender?
 - Male
 - Female
5. Select the age bracket you are in
 - 18-25 yrs 26yrs – 30 yrs 31 and above
6. Your level of education
 - Secondary university
 - College others

SECTION TWO: COMPETITIVE STRATEGIES ADOPTED

7. Does your business have a vision for the future?
Yes No
8. Do you have any set of objectives for your business?
Yes No
9. How do you describe competition in the Exhibitions stalls industry in Kenya?
 - a. Weak competition
 - b. Strong competition
 - c. Very strong competition
 - d. Hyper competition

10. Product differentiation (Having different Product for different customers)

1	2	3	4	5
Very great	Great	Moderate	Little	Not at all
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Being low cost leaders (Quoting reasonable prices to customer,)

1	2	3	4	5
Very great	Great	Moderate	Little	Not at all
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Customer service (valuing what customer's value, timely service, communication, brand image, customer care)

1	2	3	4	5
Very great	Great	Moderate	Little	Not at all
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Do you regularly review your customer service strategies?

- Yes No.

14. If yes how often?

- Once a month After 2 month
- Mid of the year At the end of the year
- Never at all

15. What are some of the strategies use to attract customer get customers.

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.....

16. Please indicate other factors that make you remain competitive in this industry.

.....
.....
.....

17. In your own words please comment on the future of Exhibition Stalls in Kenya?
