STRATEGIES ADOPTED BY SHOPPING MALLS IN NAIROBI CITY COUNTY TO GAIN COMPETITIVE ADVANTAGE

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

NOVEMBER, 2016

DECLARATION

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

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Signature……………….   Date……………………………….

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

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ACKNOWLEDGEMENT

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ABSTRACT

All organisations are open systems as they interact with external environment for their inputs and outputs. The ever changing environment calls for organisations to keep interacting with it by evaluating their strategies based on the available resources, internal capabilities, and core competences. Executives are under pressure to keep analysing the environment surrounding their organisations to provide resources needed to make goods and services, as a source of opportunities, to ward off threats, and to shape various strategic decisions for their organisations to succeed. Being a new concept in Kenya, shopping malls industry has seen a lot of growth in number of upcoming malls within the same or different regions. This has led to high competition within the industry and therefore to remain competitive, Developers must adopt competitive strategies that outperform current or potential competitors. The study had three objectives: to establish strategies used by shopping malls in Nairobi City County, establish whether these shopping malls have competitive advantage and determine strategies adopted to gain competitive advantage. The study adopted a cross-sectional survey design as it represented what was going on at only one point in time and allowed the researcher to generalise findings as respondents were subjected to same variables. Data was collected from twenty three (23) operational shopping malls by use of semi-structured questionnaire and analysed through descriptive statistics for quantitative data and content analysis for qualitative data. The results were displayed by use of percentage, means, frequency tables, and pie charts. The study found out that shopping malls in Nairobi City County used various strategies to cope with industry forces with focus strategies being the most preferred while reactors and prospectors strategies were the least preferred. Respondents perceived shopping malls to have competitive advantage despite the increase in development of new malls. Shopping malls adopted various strategies that were favourable to them to gain competitive advantage. Branding through aggressive marketing and advertisement was the most preferred strategy while reducing operation costs to increase profitability was least preferred strategy. The study concluded that for shopping malls to survive in the increased level of competition in the industry, Developers must take action that create a defendable position to cope with competitive pressures and forces by adopting strategies that are not easily imitated by the current or potential competitors. In addition, they must keep evaluating the external environment to ensure they have a strategic fit between the external environment and their available resources, core competencies and internal capabilities. Tenant mix strategy was widely used to gain competitive advantage. To ensure this strategy aligns with the dynamics in the environment, the researcher recommended that Developers should continuously strategically reconsider the types and brands of stores within the shopping malls that consumers are attracted to other than only focusing on anchor tenants. The major limitation of the study was that respondents were reluctant to give full information for fear that the information may get to their competitors. Further research may be carried out to establish how location affects a mall's level of competitiveness.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

All organisations are open systems as they interact with environment for their inputs and outputs (Chandler, 1962; Pearce & Robinson, 2002). The ever changing environment calls for organisations to keep interacting with it (Pearce & Robinson, 1997) by evaluating their strategies based on the resources, internal capabilities, and core competences and aligning them to the changes to remain competitive. To succeed in the turbulent environment, an organisation must gain competitive advantage by outperforming its rivals by quickly grasping opportunities, and responding to threats and competitive forces (Thompson & Strickland, 2002).

Resource-Based View Theory focuses on the firm's internal environment as a source of competitive advantage (Barney, 1991; Porter, 1980; Rumelt, 1984). The theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success by ensuring that a firm performs better than competitors (Barney, 1991; Wenerfelt, 1984).

No organisation is self-sufficient as environment exerts constraints on organisation goals (Ketchen & Short, 2012). The interaction of organisations with external environment calls for executives to keep aligning their organisation to the changes in the business environment for competitive advantage. The theory guides executives in understanding the environment surrounding their organisations to provide resources needed to make goods and services, as a source of opportunities and to ward off threats, and to shape the various strategic decisions for their organisations to succeed (Porter, 1980; Ketchen & Short, 2012).

As much as many studies on strategies and competitive advantage have been conducted in the past, the current study is based on the premise that shopping malls industry is a new concept in Kenya with very little literature on strategies for competitive advantages. The study sought to provide literature to fill this gap.

Like in any other industry, shopping malls in Nairobi City County are in competition with various competitors in their environment all the time. This is evidenced by the rate at which shopping malls are being developed with some in very close proximity. For example, Garden City Mall, Thika Road Mall and Mountain Mall along Thika Superhighway are in very close proximity and are in competition for customers. These malls attempt to outperform each other to get the best and more secure tenants/occupants. To gain competitive advantage, each mall must reposition itself (Drucker, 1954) by adopting strategies to competently respond to competition within the industry.

1.1.1 Concept of Strategy

Strategy is a word derived from a greek word 'strategio' meaning art or science of becoming general and therefore looks at the entire organisation and matches its resource capability with the existing business environment to achieve stakeholders' expectation.

Chandler (1962) defines strategy as the direction, goals, objectives and resource allocation of an organisation to meet set goals. Johnson, Scholes & Whittington (2005) define strategy in terms of direction and scope of an organization over the long term to achieve advantage in changing environment with aim of fulfilling stakeholders' expectations.

Porter (1980) defines it in terms of gaining competitive advantage by laying a formula on how a firm competes by setting goals and policies to achieve. In addition, Byars, (1984) notes that it includes determination and evaluation of alternative paths in achieving organisations set goals and objectives. Rumelt (2011) notes executives must have clear and differentiated point of view that supports forceful and coherent action. He reinforces that a strategy is not a goal or objectives but a battle plan for action, designed upon a set of unique attributes that sets apart an organisation from its competitors for exceptional results and sustainable profits.

Strategy is seen by Mintzberg (1994) as a plan, ploy, pattern, position, and perspective. As a plan to provide a roadmap for achieving set goals; a ploy to guide an organisation on ways to manoeuvre its resources to attain its objectives; a pattern for an organisation's way forward over time towards its goals; position gives an organisation advantage to access markets, clients, and services; and perspective for the future of the firm and the understanding of its internal strengths and weaknesses to be able to steer towards the intended future state.

From the foregoing, it is clear that a strategy defines the direction of an organisation, how to achieve set out goals and objectives by allocating and reallocating available resources. This will lead to efficiency and effectiveness of an organisation by ensuring that an organisation stands out from the competitors. A strategy is a link between an organisation and the external business environment, therefore, any changes in the external business environment calls for realignment of the strategies in place to respond to the changes.

Different levels of strategies in an organisation look into various roles a particular level should concentrate on. The overall scope and value addition of the strategic business units is highlighted in corporate level strategies which basically looks into the entire organisation as a whole. In any organisation competition in the industry is dealt with at the business level strategies while the operational level strategies are concerned with component parts of an organization to deliver effectively the corporate and business level strategies in terms of resources, processes and people.

1.1.2 Competitive advantage

Competitive advantage is achieved when an organisation outperforms its competitors. Porter (1985) notes that competitive advantage is created by use of an organisation's resources and capabilities to achieve either a lower cost structure or differentiate products. In addition, Prahalad & Hamel (1990) note that focus on resources, capabilities and competences can be a source of competitive advantage.   An organisation achieves competitive advantage when it implements a value creating strategy that is being implemented a competitor. Advantage is achieved by focusing and investing on developing and nurturing firm's unique competencies to inhibit imitability by competitors (Barney, 1999).

Competitive advantage is sustained when competing firms are unable to duplicate the benefits of already adopted strategy. Rumelt (1984) observes that competitive advantage is sustained only if it continues to exist after efforts to duplicate that advantage has ceased. It is crucial that organisations enhance their distinctive competencies through strategic development and use of resources and internal capabilities at their disposal for sustainability of the advantage (Grant, 1991).

1.1.3 Strategy and competitive advantage

Every competing firm must have a competing strategy that relates to its environment to gain competitive advantage (Porter, 1980). Trade is a competition and shopping malls are competing with each other. In order to succeed and survive in pressures exerted by the environment, they must achieve a unique sense of place and create an identity to be the most preferred by adopting competitive strategies (Leong, 2001).

Porter (1998) defines competitive strategy as taking actions that create a defendable position in an industry to cope successfully with the five competitive/industry forces (threat of new entrants, availability of substitutes, power of suppliers, power of buyers, and rivalry amongst competitors) to yield a higher return on investment. Such strategies aim at establishing a profitable and sustainable position against the forces that determine industry competition (Porter, 1985). In addition, Thompson &Strickland (2012) observe that a competitive strategy comprises of the consideration taken by organisations to attract and retain buyers, survive in competitive pressures, and improve its market position.

Competitive advantage is created when a firm implements a value creating strategy simultaneously being implemented by any current or potential competitor. This can be achieved by firms seeking to add value to their products for greater quality at a price relative to competitors, producing completely new products, improving the existing products, and increasing availability of the same product. Due to dynamism in the external environment, firms must adopt competitive strategies to gain competitive advantage (Porter, 1980:1985).

1.1.4 Shopping malls in Nairobi

Shopping malls are defined as one or more buildings forming a complex of shops representing merchandisers, with interconnected walkways enabling visitors to walk from unit to unit. They are the heart and soul of communities, the foundation of retail economies, and a social sanctuary for teenagers everywhere (Mckinsey, 2014: Wikipedia).

The concept of the shopping malls has its origin in the United States of America which started in 1950s and later spread to other countries across the globe in the post-world war II years (Wang, 2011; Crawford, 2002). This was necessitated by changes in demographics and increased urbanization which led to increase in urban population which called for rise in demand for various goods and services. In addition, there was need for public areas to socialize and congregate as people were living in smaller spaces in their residents

Coleman (2007) states that due to changes in the global trends, malls have had to change their role in people's lives by offering consumers with new experiences that go beyond traditional shopping. Amendola, (2006) notes that due to concerns, consumers prefer mixed use developments where they can live, shop and work all within a walking distance other than having to drive to a crowded suburban mall.

Shopping malls in Kenya became a feature in 1980s when Sarit Centre in Westlands, Nairobi City County being regarded as the first formal mall was opened. Over the decades, there have been numerous upcoming malls especially in the major urban centres such as Mombasa, Kisumu, Thika, Eldoret and Nyeri.

The current wave of malls developments has set new standards for size and quality within the market by including residential units, offices and recreation facilities to attract customers. Nairobi has had a rapid growth in shopping malls due to changes in demographics, increase in population of the middle income earners, and urbanization. As the sector grows, competition between retail schemes intensifies and developers may have to differentiate their malls by offering access to international brands, leisure facilities and upscale consumer experiences in an effort to remain relevant, drive growth, and boost efficiency (Knight Frank Kenya, 2016).

In addition, competition in the industry has called for malls to come up with a way to woo tenants especially by the use of anchor tenants' concept to make them more attractive (Njoroge, 2012). The main anchor tenants in shopping malls are supermarkets such as Nakumatt, Tuskys, Uchumi and Naivas, and clothing lines such as Deacons Ltd.

In Nairobi City County, the number of shopping malls has continued to grow rapidly with some malls in very close proximity. Currently there are 25 shopping malls that have been approved as highlighted in Appendix III.

1.2 Research problem

When operating in a turbulent business environment, it is important for an organisation to come up with strategies that best fit its environment to remain competitive. The business environment keeps changing (Pearce & Robinson, 2003) and therefore becomes challenging for executives in an organisation to come up with strategies that align their organisations to the turbulent environment.

The ever increasing competition in today's business environment poses a challenge to all sectors in the economy and as a result, every competing organisation must have a competing strategy that relates to its environment to remain competitive and achieve sustainable competitive advantage (Porter, 1980; 1985).

Development of shopping mall in Nairobi City County has increased rapidly in the recent past posing a challenging business environment. Due to stiff competition from shopping malls either in the same or different regions, managers are under pressure to modify their strategies so that they are not easily eroded or being imitated by the existing or potential competitors (Porter, 1980). Any competing strategy adopted should greatly emphasize on the competitive position of a firm in a given industry to give an edge to organisations that adopt them (Porter, 1985).

There are various international and local studies that have been conducted in relation to strategies and competitive advantage. Shin (2001) research on strategies for competitive advantage in electronic commerce found out that in markets where the threat of new entrants, rivalry among existing firms, and threat of substitutes are significant, a combination of product, price, promotion and place strategies can succeed in achieving competitive advantage in internet businesses.

Duane, Hill and Vaidyana (2002) conducted research on alliance management as a source of competitive advantage and concluded that strategic alliance creates competitive advantage through successful collaboration and creating value through effective management. Porter (1985) notes that an organisation gains competitive advantage by using resources and capabilities to either achieve lower cost structure or differentiate products.

Mutegi (2013) research on competitive strategies adopted by supermarkets in Kenya concluded that focus strategy is the most effective strategy to use. Maina (2014) carried out research competitive strategies adopted by Bank of Africa Kenya in retail banking and concluded that the bank uses cost leadership strategy by offering cheaper loans, and differentiation strategy by offering personalized services.

Kang'ethe (2014) researched on strategies employed by Practical Action Eastern Africa to develop competitive advantage and found out that the company uses diversification of donors and services, partnerships, repeat funding, innovation, focus and enhanced monitoring and evaluation as basis of their competitive advantage. Muema (2014) carried out a research on strategies adopted by oil marketing firms in Kenya to remain competitive and found out that they employ focus, differentiation, cost leadership and market expansion strategies to remain profitable in a largely competitive market.

It is evident from the foregoing that competitive strategies adopted by firms to gain competitive advantage are different depending on the prevailing environment forces and the subject organisation being researched on. Shopping malls operate in different environment and context. What are the strategies adopted by shopping malls in Nairobi City County to gain competitive advantage?

1.3 Research Objectives

i.   To establish strategies used by shopping malls in Nairobi City County

ii.   To Establish whether shopping malls have competitive advantage

iii. To determine strategies adopted by shopping malls to gain competitive advantage.

1.4 Value of the Study

Academicians, researchers and scholars will gain from this research as it will contribute to their body of knowledge by providing literature on efforts applied by shopping malls to remain competitive. The study will also be a reference point for reviewing empirical literature to establish areas of further research.

Mall Owners/Developers and their managers will be able to identify the best practice in the Industry to enable them outperform their competitors. Property developers and property consultants will find the research useful to form basis for making investment decisions and coming up with strategies for marketing and retaining tenants/customers and achieve full occupancy at all times.

Policy makers will benefit from the study by coming up guidelines on issuance of licences for development of shopping malls. In addition, it will help them adopt new legislative policies and legislations regarding mall developments to enhance sustainability in the Industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature on the strategies and competitive advantage and in particular theoretical foundation, concept of competitive environment, competitive strategies, and empirical studies and knowledge gap.

2.2 Theoretical Foundation

This seeks to establish strategies adopted by shopping malls in Nairobi City County to gain competitive advantage. The study is guided by Resource-Based View Theory and Environment Dependency Theory.

2.2.1 Resource- Based View Theory

A resource is valuable to help firms create strategies that capitalize on opportunities and ward off threats (Ketchen & Short, 2012). Resource-Based View Theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success (Barney, 1991; Wenerfelt, 1984). In a rapidly changing environment durability which defines how easy a company's resource is outdated, has proven to be important as well (Grant, 2010).

The theory contends that an organisation with strategic resources has an opportunity to develop competitive advantage over its rivals (Barney, 1991; Porter, 1980; Rumelt, 1984) with assumption that resources and internal capabilities are heterogeneously distributed among firms (Peteraf, 1993: 180; Njoroge, 2015; Barney, 2011). When a firm earns above-average profits, its competitors will try to imitate or substitute the company's resources to gain competitive parity (Barney & Hesterly, 2009).

Ketchen & Short (2012) observe that the theory has evolved over the years for ease of understanding how strategic resources and capabilities allow firms to enjoy excellent performance. The best approach of any firm is to consider specific competitive capabilities and environment conditions and which will lead to valuable performance.

2.2.2 Environment Dependency Theory

No organisation is self-sufficient as environment exerts constraints on organisation goals (Ketchen & Short, 2012). Ansoff (1987) points out that the environment surrounding business environment keeps changing constantly and every action that an organization takes creates some degree of changes in the world around it (Ketchen & Short, 2012; Mithamo, Marwa & Letting, 2015). Executives must therefore understand the environment surrounding their organisations to provide resources needed to make goods and services, as a source of opportunities and to ward off threats, and to shape the various strategic decisions that lead success of their organisations (Porter, 1980; Ketchen & Short, 2012).

According to Mithamo *et al* (2015), changes that accompany any growth have made the environment more hostile to firms and industries within. In such cases, firms compete to achieve their objectives by having an advantage over their rivals in every angle of the competition. The ever increasing competition in all industries and entry of other players in each sector of any industry necessitate the design of competitive strategies to guarantee their performance and gain competitive edge (Porter, 1985; Njuguna, 2012; Ansoff, 1990).

Environment consists of external conditions and forces that have the potential to influence any organisation (Njuguna, 2012). This includes factors that an organisation can readily affect as well as factors that lay beyond its influence (Mithamo *et al*, 2015; Johnson *et. al*, 2005). Ketchen & Short (2012) observe that the business environment consists of macro environment which includes overall trends and events (PESTEL forces) and industry/competitive environment which consist of multiple organisations that collectively compete with one another by providing similar goods and services or both.

To succeed, organisations must therefore adapt to such changes by adopting strategies that focus on customers and deal with emerging dynamics. Failure to adapt organisation to changes in external business environment and internal configurations to new reality may put organisations success in jeopardy (Aosa, 1992).

2.3 Competitive Environment

Competition is defined by Thompson & Strickland (1989) as the act of striving against another force to achieve dominance or to attain a reward or goal. It is one of the major external environmental threats to any firm especially when two or more firms fight for the same customers (Ogutu & Nyatichi, 2012). Competition is core in success or failure of any organisation (Thompson & Strickland, 1989; Porter, 1985).

Porter (1985) suggests that competition is dependent of the customer structure and behaviour such that in highly competitive markets, firms must quickly grasp opportunities, respond to threats, and outperform their rivals to endure and succeed (Fatih, 2010). The increasing competition in today's business environment poses a challenge to all sectors in the economy. As a result, organisations must come up with strategies that align their organisations to their competitors to remain relevant (Porter, 1985).

Businesses are currently witnessing manifolds competition which was not prevalent in the past and therefore firms must develop creative ways to make profits without unduly harming the existing environment (Mithamo *et al*, 2015; Porter, 1980).The success of a firm's competitive strategy depends on how well it relates to its environment. An evaluation of both internal and external environment is paramount to enable an organisation identify its strengths, weaknesses, opportunities, and threats.

2.3.1 PESTEL analysis

The analysis is paramount in the evaluation of external environment which looks into the political, economic, socio-cultural, technological, environmental/ ecological, and legal factors which have influence on any organisation's performance. Any changes in any of the factors have a positive or negative impact on organisations' performance. It looks at the future impact of environmental factors which may be different from their past impact (Johnson *et al,* 2008).

2.3.2 Competitive (Industry) analysis

The analysis helps an organisation in identifying the profit potential that exists in any industry by considering the rivalry among of competitors in that industry, potential new entrants, availability of substitutes, power of buyers and suppliers (Porter, 1980).

It is important for an organisation to clearly define its industry to identify the level of competition. Any competition by one firm leads to noticeable effects in the industry which calls other firms in the industry to counter the move. Availability of substitutes limits the market by reducing the demand of particular products/services as customers can easily switch to alternatives especially if perceived to have a higher value.

The power of the buyers influences the price a product/service that a firm can charge while suppliers determine the cost of raw materials and inputs. The intensity of rivalry influences price and cost of competing. Porter further points out that in an industry with none of the above five forces, the profit potential is high and vice versa. The outcome of the analysis is important for executives in deciding the best strategic moves to remain successful in an industry.

This analysis has limitations in that; it assumes that the amount of potential profit in a given industry is fixed whereas it is very different in practice. In addition, it does not include technology and government forces that might influence competition in an industry. However, Porter (1980) notes that a firm is not solely bound to the industry structure and can therefore come up with strategies that influence the five forces by analysing and identifying key driving factors that define the industry.

2.3.3 SWOT analysis

The strengths, weaknesses, opportunities and threats related to any organisation most have an impact on strategy development (Porter, 2008). The analysis aims at identifying the extent to which the current strengths and weaknesses are relevant to micro business environment. It can be used to exploit further the unique resources or core competences of the organisation and reveal possible threats emanating from macro environment dynamism.

Strengths and weaknesses are identified from the internal environment while threats and opportunities emanate from external environment (Johnson *et. al*, 2002; Porter, 2008). The analysis helps executives in any organisation come up with ideas on how their firms will succeed by focusing on strengths, staying clear of weaknesses, capitalizing on opportunities and protecting itself from threats.

2.3.4 Value chain analysis

Porter (1985) notes that competitive advantage relates to different activities undertaken in designing, producing, marketing, delivering, and supporting products/services in any organisation. Each activity leads to relative cost position and creates basis for differentiation. Value chain therefore plays an important role in analysing the strategically relevant activities for guidance on behaviour of costs and potential sources of differentiation.

Primary activities (inbound logistics, operations, outbound logistics, marketing and sales, and service) relate to the core functions of an organisation while secondary activities (procurement, technology development, human resource management and infrastructure) act as support for the primary activities for successful creation of a product or service.

2.4 Competitive strategies

A competitive strategy is created in separate strategic business units of an organization which should consider different markets with customers with different needs. Porter (1996) notes competitive strategy is being different from competitors.

2.4.1 Porter's generic strategies

Porter (1980) looks into competitive strategies by way of reducing the cost of production, offering products with unique features, and or targeting a particular market segment. Porter (1985 & 2010) proposed that management may follow cost leadership, differentiation, and focus strategies to gain competitive advantage.

Organisations which adopt cost leadership strategies focus on being low cost producers. Its success requires firms to sell at low prices (Johnson *et al*, 2008) but also offer products or services perceived to have same quality to those of competitors. To remain successful, efficiency of operations, economies of scale, technological innovations, low cost labour, or access to raw materials are paramount. Johnson *et al* (2008) argued that there is confusion between this strategy and low prices and therefore emphasized on the 'market facing' strategies by providing customers with what they need, better or more effectively than the competitors (Faulkner & Bowman, 1995).

Organisations adopting differentiation strategies to achieve leadership in their market domain emphasize on high quality, extra ordinary services, innovative design, technological capability or unusual positive branding. These attributes must be different from competitors and significant enough to justify a price premium that exceeds the cost of differentiation (Davies, 2001). Its success lies on identifying strategic customers away from the competitors (Johnson et al, 2008).

Focus strategies aim at identifying a small portion of the market which an organisation seeks to dominate by emphasizing on quality of goods and services. It can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market (Porter, 2005). It focuses on exploiting a narrow segment of the market. An organisation employing these strategies have power over buyers as may be the only source of supply (Njoroge, 2015). Customer loyalty acts as protection from new entrants and substitute products as an organisations are able to monitor their customers.

2.4.2 Ansoff matrix

Ansoff (1965) came up with the matrix as a strategic planning tool to provide a framework that helps executives' device strategies for future growth. He proposed that an organisation can either adopt build and protect (consolidation and market penetration), product development, market development, and diversification strategies to remain competitive.

Consolidation strategies call for organisations to protect and strengthen their position in the current markets with current products which may require renovation and reshaping to improve on value of product or service. Based on how an organisation pays attention to its resources and core competences, it will maintain a competitive position. Market penetration aims at increasing the market share which depends on the industry growth rate, resource availability and complacency of the market leaders.

Product development strategies lead organisations to develop new products or modify the existing ones while staying in the same markets to satisfy same or related customer needs. In market development strategies, firms look for new markets with their existing products by exploiting other market segments by use of key success factors of the organisation, by products having new uses and through geographical spread. Diversification strategies consider new range of products for new markets for sustainability

2.4.3 Miles and Snows' strategies

Organisation can compete by adopting defenders, prospectors, analyzers, and/or reactors strategies (Miles and Snow, 1978). Defender strategies perceive little or no change in the environment as they protect their markets from new competitors.

Organisations seek stability by producing limited set of products/services for a narrow market segment. Prospectors' strategies require the greatest degree of structure flexibility due to environment changes and uncertainty. Organisations respond by taking advantage of new markets and opportunities. Customer demands are met through production of broad range of products by continuous monitoring of the environmental conditions, trends, and events. This often creates changes in an industry which competitors must adjust and or align to.

Organisations adopting analyzer strategies perceive a considerable degree of change and uncertainty in the environment but wait for competitors to come up with a viable response for them to respond. Such organisations attempt to maintain their current business and innovate new ones by balancing efficient production lines by employing tight accounting and financial controls. Organizations following reactor strategies respond to changes reluctantly. Managers under this strategy perceive some change and uncertainty but they are not likely to make any substantial adjustments until forced to by the environmental pressures.

2.5 Empirical studies and knowledge gap

The increasing competition in today's business environment poses a challenge to all sectors in the economy and as a result, every competing organisation must have a competing strategy that relates to its environment to remain competitive (Porter, 1980) by adopting strategies that align an organisation to its competitors to gain competitive advantage.

Various studies have been conducted in relation to strategies and competitive advantage in organisations to attain profitability and for survival. Shin (2001) researched on strategies for competitive advantage in electronic commerce; Duane *et al*, (2002) researched on alliance management as a source of competitive advantage; Mutegi (2013) researched on competitive strategies adopted by supermarkets in Kenya. Maina (2014) carried out research on competitive strategies adopted by Bank of Africa Kenya in retail banking. Kang'ethe (2014) researched on strategies employed by Practical Action Eastern Africa to develop competitive advantage. Muema (2014) carried out research on strategies adopted by oil marketing firms in Kenya to remain competitive. Murira (2014) researched on competitive strategies adopted by Insurance Companies in Kenya. Ogutu & Nyatichi (2012) researched on strategies adopted by Multinational Banks in Kenya.

All the above researchers found out that different organisations adopt different strategies to gain competitive advantage. The concept of shopping malls in Kenya is very new and there is little literature regarding strategies to gain competitive advantage. The study seeks to fill this gap.

CHAPTER THREE: RESEARCH METHODOGY

3.1 Introduction

The chapter highlights the plan that the researcher used for the purpose of this study which in particular looks at the research design, population of the study, data collection, and data analysis.

3.2 Research design

Kothari (2009) defines research design as the general plan of how the research answers the research questions making it as efficient as possible, yielding maximum information with minimum effort, time, and expenditure. It provides the blue print for collection, measurement, and analysis of data.

This study adopted a descriptive cross-sectional survey design to gather quantitative and qualitative data that establish strategies used in shopping malls, find out if shopping malls have competitive advantage and determine strategies adopted to gain competitive advantage in shopping malls in Nairobi City County. This design enabled the researcher generalize findings as the respondents were subjected to same variables.

Olsen & George (2004) note that cross-sectional survey provides information of either the entire population or subsets selected by representing what is going on at only one point in time. A survey is a measurement process used to collect information during structured interviews where questions are carefully crafted, sequenced and precisely asked to each respondent to derive comparable data across subsets of the chosen sample (Cooper & Schindler, 2011).

3.2 Population of the study

Kothari (2005) defines population as a universal set of all members of real or hypothetical set of people, events or objects used to generalise results. He further defines population in research as the total number of individuals in a group that the researcher works with.

According to the Urban Planning Sector/Department August 2016, there were twenty five (25) approved shopping malls in Nairobi City County but only twenty three (23) were in operation. The population of the study comprised of all the twenty three (23) shopping malls that were in operation and hence a census survey was conducted.

3.3 Data collection

Data was collected by use of semi-structured questionnaire which was prepared by the researcher through guidance from previous questionnaires related with the topic of research. The questionnaires were administered to Malls Developers/Owners and Property Managers through "pick and drop" or via email and were recorded for ease of tabulating response rate.

The questionnaire was the most preferred data collection instrument as it provides a high degree of data standardization and adoption of generalized information amongst any population. In addition, they provide flexibility in monitoring questions and are deemed free from bias thus accurate and valid data is gathered (Chandran, 2003).

3.5 Data Analysis

Data analysis includes the process of packaging the collected information in order and structure that enable the findings to be easily and effectively communicated (Kothari, 2005). Data was collected by use of a semi-structured questionnaire and was checked for accuracy, uniformity of responses, consistency and completeness and then edited, coded, and tabulated.

With use of statistical package for the social sciences (SSPS) software, data was analysed by use of descriptive statistics mainly measures of central tendency, measure of variability to show the degree of divergence from the mean, frequency distribution by use of frequency tables and pie charts, and percentages for quantitative data and content analysis from qualitative data obtained from open questions.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter looks at the data analysis, results and discussion of the research findings. It presents the background information of the respondents, effects of business environment on levels of competitiveness and analysis based on the objectives of the study.

A total of 23 questionnaires distributed to the shopping malls that were in operation were filled by mall Owners/Developers and Property Managers. Out of the 23 questionnaires distributed, 15 were filled and returned, which is a 65.20% response rate that was found adequate for analysis as it was above the 50% recommended by Mugenda (1999).

The concept of strategy and competitive advantage were the main variables of the study which were derived from scaled and open responses to questions in appendix II. With use of statistical package for the social sciences (SSPS) software, data was analysed through means, frequency tables as well as percentages for quantitative aspect and content analysis for qualitative aspect.

4.2 General information of shopping malls

This section highlights the profile of respondents, and the effect of business environment on levels of competition.

4.2.1 Profile of the Respondents

The study sought to determine the management position of the respondent, period the position was held and for how long had the malls being in operation, and the responses were as follows:

Table 4.1 Management Position

Position	Frequency	Percent
Top Management	9	60
Middle Level	6	40
Low Level	0	0
Total	**15**	**100**

Source: Research data (2016)

From the research findings, 60% of the respondents were in top level management with 40% in middle level management. These management levels play an important role in crafting and implementation of strategies in any organisations and therefore the information provided was considered reliable.

4.2. Length of Service

Length of service	Frequency	Percent
Less than 1 year	2	13.33
1 to 3 years	7	46.67
3 to 5 years	4	26.67
Above 5 years	2	13.33
Total	**15**	**100.00**

Source: Research data (2016)

The study revealed that 86.67% of the respondents had held their positions in management for more than 1 year; a period deemed enough to have gained sufficient understanding of how their shopping malls operate.

4.3 Age of the Mall (Period in Operation)

Age of the mall	Frequency	Percent
Less than 5 year	4	26.67
5 to 10 years	6	40.00
Above 10 years	5	33.33
Total	**15**	**100.00**

Source: Research data (2016)

The number of years the malls were in operation was grouped for ease of analysis. 26.67% of the malls were in operation for less than 5 years, 40% between 5 to 10 years and, 33.33% above 10 years. Changes in external environment vary from one period to another. Shopping malls which were in operation for more than 10 years had survived turbulence in external environment for a longer period.

On average respondents were in service for more than four years with a mean of 4.4 and standard deviation of 0.91. Shopping malls were in operation for an average of 7.8 years. The significant deviation of 7.1 reflected that some malls were in operation for a very short period while others had operated for a very long period. This demonstrated by table 4.4 below

Table 4.4 Length of service and age of malls

	N	Minimum	Maximum	Mean	Std. Deviation
length of service	15	3.00	6.00	4.4000	.91026
Age (operation)	15	1.00	31.00	7.8333	7.13058
Valid N (list wise)	15				

Source: Research data (2016)

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4.2.2 Effects of business environment on levels of competition

Using a scale of 1 to 5 (where 1 was not sure and 5 very high) respondents were requested to state how political, economic, socio-cultural, technological, environmental and legal framework affected their level of competiveness.

Table 4.5 Effects of PESTEL factors on level of competition

		Political	Economic	Socio-Cultural	Technological	Environmental	Legal Framework
N	Valid	15	15	15	15	15	15
	Missing	0	0	0	0	0	0
Mean		3.00	4.40	4.07	4.07	3.80	2.73
Std. Deviation		1.134	.737	.884	.961	1.146	.961

Source: Research data (2016)

It was found out that shopping malls were highly affected by economic factors with a mean of 4.40 and least affected by legal framework factors at 2.73. Other factors were at 4.07 for socio-cultural and technological, and 3.80 for environmental. Environmental factors had the highest standard deviation at 1.146.

To remain competitive in the industry, shopping malls responded to the above factors as follows: Political; beefing up security by employing guarding companies and uniformed forces, installation of closed circuit television (CCTV), monitoring political situations to enable them take appropriate action and not attaching themselves with any political affiliations.

Economic; continuous research, rent concession, marketing, reviewing rents when they fall due, increasing advertisements with aim of gaining positioning, and improving infrastructure.

Socio-Cultural; carrying out research on the likes and dislikes of customers, analyzing customer profiles, embracing cultural diversity, and improving on social factors by ensuring there are entertainment areas/facilities. Technological; embracing the dynamics of technology by updating systems as changes occur for example; providing efficient parking management systems, online marketing, and access control systems.

Environmental; ensuring that waste is properly disposed, carrying out environmental impact assessments, following guidelines from National Environmental Management Authority and embracing green technology. Legal Framework: ensuring compliance with the set laws, guidelines and policies.

The study sought to find out what shopping malls considered as their strengths, weaknesses, opportunities and threats. It was found out that most malls considered tenant mix, location, customer care, anchor tenants, variety, customer loyalty, marketing strategies and experienced work force as their main sources of strength while economic pressures, limited parking spaces, and changing demographics as the major weaknesses. The main opportunities were stated as expansion in terms of size and diversification, extending the hours of operation, offering space to international brands and embracing technology. The major threat identified was competition due to the rise in number of upcoming malls.

Generally, the respondents pointed out that they upheld their strengths by continuous interaction with tenants (customers) by incorporate their ideas in decision making, and conducting activations that involved their customers. On the other hand, to improve on the weaknesses, some malls had to lower rental levels to maintain full occupancy.

Some malls had resolved to diversification to tap on the available opportunities for example; some malls were expanding to accommodate other facilities such as hotels, residential units, and office blocks within the same compound. To respond to competition which was a major threat, they had adopted aggressive marketing, targeting specific market not targeted by competitors, innovation, branding and expansion to include facilities being offered by competitors.

4.3 To establish strategies used by Shopping Malls in Nairobi City County

The respondents were requested to rate attractiveness of shopping malls, effect of industry forces on level of competitiveness and strategies used to cope with industry forces. The findings were as per figure 4.1, tables 4.6, and 4.7 below.

4.3.1 Level of attractiveness

In a scale of 1 to 3 (1 unattractive and 3 very attractive), respondents were requested to rate the shopping malls industry and the findings were as per figure 4.1 below

Figure 4.1 Level of Attractiveness
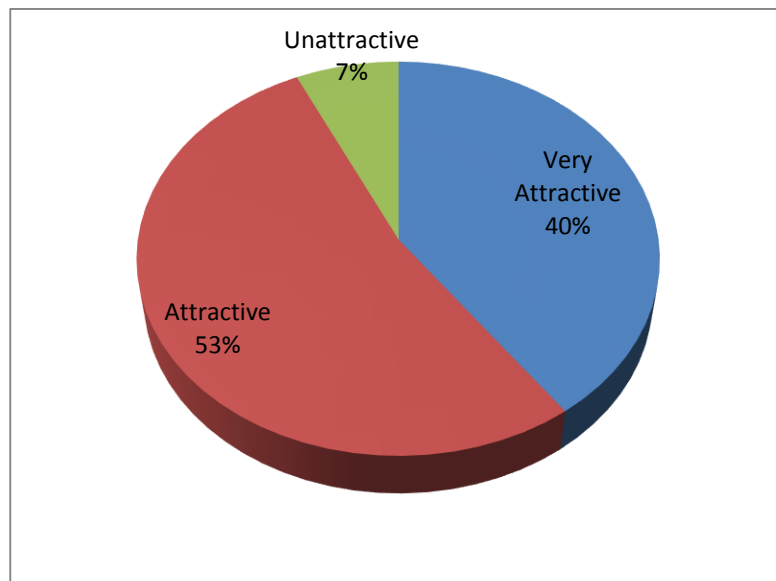
Source: Research data (2016)

The study revealed that 40% of the respondents considered the industry very attractive, 53% attractive and 7% unattractive. The unattractive rate of 7% was due to increased number of shopping malls within the same which led to high level of competition.

4.3.2 Industry forces

In a scale of 1 to 5 (where 1 is not sure and 5 very high), respondents were requested to rate how the following industry forces affected their level of competitiveness. The findings were as per table 4.6 below

Table 4.6 Industry Forces

Industry Force	N	Minimum	Maximum	Mean	Std. Deviation
Threat of New Entrants	15	1	5	3.67	.976
Availability of Substitutes	15	2	5	3.73	1.100
Power of Customers/Buyers	15	2	5	4.27	1.033
Power of Suppliers	15	1	5	3.00	1.254
Rivalry amongst Competitors	15	1	5	3.40	1.242
Valid N (listwise)	15				

Source: Research data (2016)

From the research findings, the power of customers/buyers had the highest effect with a mean of 4.27 followed by availability of substitutes at 3.73, threat to new entrants 3.67, rivalry amongst competitors at 3.40 and power of suppliers at 3.00. This portrayed that customers have a big role in the shopping malls industry.

4.3.3 Strategies used to cope with industry forces

In a scale of 1 to 5 (where 1 is no extent and 5 very great extent), respondents were requested to rate how they used the following strategies to cope with industry forces. The findings were as per table 4.7 below.

Table 4.7 Strategies used to cope with industry forces

Type of strategy	N	Mean	Std. Deviation
Selling same products in same markets (Market Penetration)	15	3.80	1.265
Offering new products in same markets (Product Development)	15	3.87	1.506
Offering same products in new markets (Market Development)	15	3.80	1.474
Offering new products in new markets (Diversification)	15	3.67	1.291
Focusing on specific customers (Focus)	15	4.27	.961
Being low cost producers (Cost Leadership)	15	3.87	1.187
Offering unique product to a target market (Differentiation)	15	3.67	1.234
Taking advantage of new markets & opportunities (Prospectors)	15	3.07	1.486
Protecting market from new competition (Defenders)	15	3.13	1.302
Waiting for competitors to first respond to changes (Analysers)	15	3.47	1.356
Responding to changes reluctantly (Reactors)	15	3.07	1.335
Valid N (listwise)	15		

Source: Research data (2016)

The study found out that all the above strategies were in use; the extent to which they were used by various shopping malls was different. Focus strategy was the most preferred with a mean of 4.27 while prospectors and reactors strategies were the least preferred with a mean of 3.07 each.

Other strategies were in use as follows: product development and cost leadership at 3.87 each, market penetration and market development at 3.80 each, diversification and differentiation at 3.67 each, analysers at 3.47, and defenders at 3.13.

4.4 To establish whether shopping malls have competitive advantage

The study sought to find out whether shopping malls in Nairobi City County have competitive advantage. The respondents were requested to state whether they understood what competitive advantage means, rate the level of competition in the industry and indicate whether their malls have competitive advantage. The findings were as per tables 4.8, 4.9, and 4.10 below.

4.4.1 Level of competition in the industry

In a scale of 1 to 4 (where 1 is very and 4 very high), the respondents were requested to rate the level of competition in shopping malls industry. The findings were as follows:

Table 4.8 Level of competition in the industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	1	6.7	6.7	6.7
	High	10	66.7	66.7	73.3
	Very High	4	26.7	26.7	100.0
	Total	15	100.0	100.0	

Source: Research data (2016)

As per the above table 4.8, the study found out that the level of competition in shopping malls was at 26.7% very high, 66.7% high and 6.7% low. On average the level of competition was perceived high at 66.67%.

4.4.2 Understanding of competitive advantage

Respondents were to state whether they understood the meaning of competitive advantage and to briefly describe it.

Table 4.9 Competitive Advantage

Do you understand competitive advantage?				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	15	100.0	100.0	100.0

Source: Research data (2016)

All the respondents indicated that they understood what competitive advantage meant and on average described it to mean producing unique products and having an elevated position compared to your competitors.

Table 4.10 Competitive Advantage in Shopping Malls

Competitive Advantage	Frequency	Percent
Yes	14	93.33
No	1	6.67
Total	15	100

Source: Research data (2016)

93.33% of the respondents perceived their shopping malls to have competitive advantage. Further probing was done on the respondent with the "No" response who indicated that a nearby mall had reduced their market share hence their mall was no longer competitive.

4.5 To determine strategies adopted to gain competitive advantage

To gain competitive advantage, an organisation must adopt strategies that outperform current or potential competitors. In a scale of 1 to 5 (where 1 is strongly disagree and 5 strongly agree), respondents were requested to indicate their level of agreement with statements in table 4.11 below on how they achieved competitive advantage. The findings were as follows:

Table 4.11 Strategies adopted to gain Competitive advantage

Statement	N	Mean	Std. Deviation
Reducing prices below competitors	15	2.33	.976
Lowering rental levels	15	2.33	1.877
Offering quality products/services at competitive prices	15	1.80	1.821
Reducing operational costs to increase profitability	15	1.40	1.639
Offering products different from competitors	15	2.07	1.710
Offering superior products/services that meet customer satisfaction	15	2.20	1.935
Customer loyalty	15	1.73	2.086
Targeting a particular market segment	15	1.73	1.831
Targeting specific customers/niche marketing	15	2.33	1.877
Offering products/services to customers not targeted by competitors	15	2.33	1.291
Diversifying the current line of products/services	15	2.20	1.612
Increasing market share	15	2.27	1.792
Considering new markets	15	1.93	1.870
Innovation	15	2.33	2.024
Branding through aggressive marketing and advertisements	15	2.47	1.767
Ensuring you have good tenant mix	15	2.27	1.831
Employing resources that are rare, superior, not easily substituted, and difficult to imitate.	15	2.20	2.042
Valid N (listwise)	15		

Source: Research data (2016)

From the above research findings, it was evident that shopping malls gain competitive advantage by adopting various strategies that were favourable to them. However, the most preferred strategy was branding through aggressive marketing and advertisements with a mean of 2.47, while the least preferred was reducing operation costs to increase profitability with a mean of 1.40.

Other strategies that were mainly adopted by shopping malls to gain competitive advantage were: reducing prices below competitors, lowering rental levels, targeting specific customers/niche marketing, offering products/services to customers not targeted by competitors, and innovation with a mean of 2.33 each; increasing market share, and good tenant mix with a mean of 2.27 each; offering superior products/services that meet customer satisfaction, diversification, and employing strategic resources with a mean of 2.20 each; offering products/services different from competitors at 2.07; considering new markets at 1.93; offering quality products/services at competitive prices at 1.80; customer loyalty, and targeting a particular market segment with a mean of 1.73 each.

4.6 Discussion

4.6.1 Comparison with theory

The study was based on Resource–Based View and Environment Dependency theories. Resource-Based View theory focuses on the firm's internal resources, capabilities and competences as a source of competitive advantage (Barney, 1991; Porter, 1980; Rumelt, 1984). The findings of the study concur with the theory as shopping malls consider good tenant mix and employing resources that are rare, superior, not easily substituted, and difficult to imitate by competitors as ways of achieving competitive advantage.

Environment Dependency Theory: All organisations are open systems as they interact with environment for their inputs and outputs (Chandler, 1962; Pearce & Robinson, 2002). The study conforms to the theory because the level of competitiveness in shopping malls was affected by PESTEL factors (political, economic, socio-cultural, technological, environmental and legal framework) and industry forces (threat to new entrants, availability of substitutes, power of suppliers and buyers, and rivalry amongst competitors). In addition, shopping malls were found to have strengths and weaknesses from internal environment, as well as opportunities and threats from external environment. Shopping malls must therefore keep interacting with both internal and external environment for survival.

4.6.2 Comparison with other studies

In a competitive industry, organisations must come up with strategies that give them an edge over the current or potential competitors. As such, shopping malls in Nairobi City County are not an exception.

The study revealed that various competitive strategies were adopted to gain competitive advantage. The most preferred strategy was branding through aggressive marketing and advertisement. This concurs with the findings by Shin (2001) who found out that in markets where industry forces are significant, a combination of product, price, promotion and prices succeed in achieving competitive advantage. Focus strategy was the most preferred to cope with industry forces this concurs with Mutegi (2013) who concluded that focus strategy was the most effective strategy to use to gain competitive advantage.

Competitive advantage is achieved by use of cost leadership, differentiation or focus strategies (Porter, 1985: Muema, 2014). The findings of the study concur with Porter and Muema in that shopping malls gained competitive advantage by reducing prices below competitors, lowering rental level, offering superior products/services that meet customer satisfaction, targeting specific customers/niche marketing, offering products/services not targeted by competitors. However, reducing operation costs to increase profitability and offering quality products/services at competitive prices were amongst the least adopted strategies by Shopping Malls in Nairobi City County.

According to Ansoff (1965), organisations can adopt product development, market penetration, market development and diversification strategies to gain competitive advantage. The study revealed that, as much as product development, market penetration, and market development strategies were used to cope with industry forces, they were not equally adopted for competitive advantage. However, diversification strategies have been adopted to both cope with industry forces as well as to gain competitive advantage.

Organisations can compete by adopting defenders, prospectors, analysers, and reactors strategies (Miles & Snows', 1978). All these strategies were used to cope with industries but none was adopted to gain competitive advantage.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter presents the summary of findings in relation to the objective of the study, recommendations and conclusion. It also outlines how the study benefits several stakeholders, the limitations of the study, and areas of further research.

5.2 Summary of findings

The study sought to determine strategies adopted by shopping malls in Nairobi City County to gain competitive advantage. The set objectives were to establish strategies used by shopping malls, establish whether shopping malls have competitive advantage and determine strategies adopted to gain competitive advantage.

The study revealed that the level of competitiveness in shopping malls was affected by PESTEL factors (political, economic, socio-cultural, technological, environmental and legal framework), and industry forces (threat of new entrants, power of customers, power of buyers, availability of substitutes and rivalry among competitors). These factors/forces are external to organisations and as such the study conforms to Environment Dependency Theory.

In addition, the study found out that some shopping malls used resources that are rare, superior, not easily substituted, and difficult to imitate as a strategy to gain competitive advantage and therefore conformed to the Resource-Based View Theory.

5.2.1 To establish strategies used by shopping malls in Nairobi City County

The shopping malls industry was rated attractive though an increased level of competition reduced the level of attractiveness as indicated by respondents in some shopping malls. All the five industry forces affected competitiveness in shopping malls at different levels with the power of customers/buyers as the major force.

To cope with industry forces, the study revealed that shopping malls used various strategies such as Porter's generic strategies, Ansoff's matrix, and Miles and Snows' strategies with focus strategy being the most preferred while prospectors, and reactors strategies were the least preferred.

5.2.2 To establish whether shopping malls have competitive advantage

The study found out that shopping malls had competitive advantage which was described by respondents as producing unique products/services, and having an elevated position compared to competitors. This description conforms to various definitions given by different researchers such as Porter (1996), and Johnson *et al* (2008). As in any other industry, competition was found to be high. However, the respondents perceived their shopping malls to still have competitive advantage despite the rise in development of new shopping malls.

5.2.3 To determine strategies adopted by shopping malls to gain competitive advantage

The research found out that shopping malls adopted various strategies that were favourable to them to gain competitive advantage. However, the most preferred strategy was branding through aggressive marketing and advertisement.

Other strategies that were mainly adopted were: differentiation strategies by offering products/services that meet customer satisfaction, and offering products different from competitors; focus strategies by targeting particular market segment, targeting a particular line of customers (niche marketing) and offering products to customers not targeted by competitors; cost leadership by lowering rental levels and reducing prices below competitors; tenant mix, diversification and innovation.

Offering quality products/services at competitive prices, customer loyalty, considering new markets, targeting particular market segment, and reducing operation cost to increase profitability were not popular strategies for competitive advantage.

5.3 Conclusion

As a result of the turbulence in the external business environment, shopping malls must take actions that create a defendable position to cope with competitive pressures and forces to remain competitive in the long term by ensuring that they have strategies in place that cannot be easily imitated by other players in the industry (Porter, 1980). The study revealed that competition in shopping malls was perceived as high and therefore each mall must strive to survive by having a fit between its available resources, internal capabilities and external environment.

It was found that shopping malls adopted various strategies to gain competitive advantage with a major focus on branding through aggressive marketing and advertisement. The extent to which the various strategies were applied by each shopping mall was different. The study therefore concluded that in such a competitive environment, shopping malls must adopt competitive strategies that are not easily replicated by competitors to survive in the industry.

Further, the study revealed that shopping malls were perceived to have competitive advantage, a high level of competition and attractiveness. This calls for the executives of shopping malls to keep evaluating the surrounding business environment to align to the demands exerted by the environment as the success of the adopted competitive strategies depend on how well they relate to the environment (Mithamo *et al,* 2015: Porter, 1980).

5.4 Recommendations

Due to the rise in the number of shopping malls within the same or different regions, it is important for mall developers to embrace the dynamics brought about by competition by adopting strategies that outperform their competitors.

The study noted tenant mix strategy was mainly used by shopping malls for competitive advantage. To ensure the strategy aligns with the dynamics in the environment, the researcher recommends that Developers should continuously strategically reconsider the types and brands of other stores within the shopping mall that consumers are attracted to other than only focusing on anchor tenants.

Competition was noted as the major threat to the industry due to increase in the number of shopping malls within the same region. For sustainability of the industry, the researcher recommends that Policy Makers come up with legislative policies giving guidelines on approval of such developments to prevent saturation.

The study found out that shopping malls were highly affected by technological factors. In order to thrive, there is need to keep up with changes in technology. The researcher recommends use of electronic spaces such as social media sites such as Facebook and Twitter which allows them to engage with loyal client base.

It was noted that some shopping malls were expanding in size to meet the demand exerted by the external environment. The researcher recommends that Developers should consider mixed use developments to offer consumers with an attractive, integrated community in which to live, work and shop. This will also serve to generate additional traffic to such malls.

The study has unveiled the strategies adopted by shopping malls in Nairobi City County to gain competitive advantage. Property Owners/Developers and their Property Managers are now aware of the strategies being applied in the industry and therefore can identify and apply those that can give them a competitive edge if they have not yet been applied in their shopping malls.

The study conforms to the theoretical foundation and empirical review in that organisations can adopt cost leadership, focus, and differentiation strategies. However, it was noted reducing operation costs to increase profitability was the least preferred strategy. The study therefore contributes in theory building.

As much as there are various researches on strategies to gain competitive advantage in organisations, shopping malls industry is a new concept in Kenya. The study has therefore contributed to adding knowledge to the existing literature by showing show shopping malls respond to pressures exerted external environment to remain competitive. The study will also bridge the research gap and avail literature for further studies

The study will guide policy makers in coming up with guidelines on issuance of licences for development of shopping malls to enhance sustainability in the industry.

5.5 Limitations of the Study

Time constraint was a major limitation for this research due to work commitments. The researcher had sought to use research assistants for data collection. However, the respondents insisted that they can only fill the questionnaire if the researcher was the one collecting data. The researcher took time off from work to personally collect data.

The study used a questionnaire for data collection; the researcher did not have much control on the respondents in regard to the information that was filled. The respondents were reluctant to give full information for fear that the information may get to their competitors. To dispel the fear, the researcher assured the respondents that the information given would be used purely for academic purposes.

5.6 Suggestion for further research

The study sought to establish the strategies adopted by shopping malls in Nairobi City County to gain competitive advantage. The researcher recommends further research on how location affects a mall's level of competitiveness. This will explain why location was not considered a source of competitive advantage by shopping malls as much as it was noted as a major strength.

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APPENDICES

Appendix I: Introduction letter to respondents

Rachael Wanjiku Njoroge

University of Nairobi

Department of Business Administration

P. O. Box 30197

Nairobi

3rd October, 2016

Dear Respondent,

RE: COLLECTION OF RESEARCH DATA

I am a postgraduate student at the University of Nairobi, School of Business (registration number D61/78977/2015) undertaking a management research titled **"Strategies adopted by Shopping Malls in Nairobi City County to Gain Competitive Advantage".**

This is to kindly request you to assist me collect the data by filling out the accompanying questionnaire. I assure you that the information provided will be used exclusively for academic purposes, treated with utmost confidentiality and that your shopping mall will at no time appear in the research findings. The findings of this research can be availed to you upon completion of the research on request.

Yours faithfully

Rachael Njoroge
 (Student)

Appendix II: Research questionnaire

I kindly request you to fill this research questionnaire to the best of your capability.

SECTION A: PROFILE OF THE RESPONDENT

Complete this section by filling in the spaces provided.

1. Name of the Shopping Mall…………………………………………..

2. Location of the shopping mall…………………………………………..

3. Name of the respondent……………………………………(*optional)*

4. Management position of the respondent……………… (*tick as appropriate)*

* Top level management   { }
* middle level management   { }
* low level management   { }

5. How long have you been in the position? …………(*tick as appropriate)*

Less than 1 year { } 1-3 years { } 3-5 years { } above 5 years { }

6. How long has the mall being in operation? ………………………………

SECTION B: EFFECT OF ENVIRONMENT ON LEVEL OF COMPETITIVENESS

7. In a scale of 1 to 5, where 5 is very high and 1 not sure, how do the following factors affect your level of competitiveness?

Factors	Very High	High	Low	Very Low	Not Sure
Political					
Economic					
Socio-cultural					
Technological					
Environmental					
Legal framework					

8. Briefly describe how you respond to the above factors to remain competitive in the industry

   a) Political factors

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   b) Economic factors

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   c) Socio-cultural factors

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   d) Technological factors

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   e) Environmental factors

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   f) Legal framework

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9.   (i) What do you consider as your strengths?

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(ii) Briefly comment on how you uphold the above strengths

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(iii)What do you consider as your weaknesses?

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(iv) Briefly comment on your response to improve on the above weaknesses

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(v) What do you consider as your opportunities?

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(vi) Briefly comment on how you tap the above opportunities

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(vii) What do you consider as your threats?

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(viii) How do you curb the above threats?

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SECTION C: STRATEGIES USED IN SHOPPING MALLS

10.   In a scale of 1 to 3 where, 3 is very attractive and 1 unattractive,
       how would you rate shopping malls industry?

☐ **Very a t t r a c t i v e**   ☐   **Attractive** ☐   **Unattractive**

11.   In a scale of 1 to 5 (where, 5 is Very high and 1 not sure), kindly rate how
       the following industry forces affect your mall's level of competitiveness.

Industry Force	Very High	High	Low	Very Low	Not Sure
Threat of new entrants					
Availability of substitutes					
Power of customers/buyers					
Power of suppliers					
Rivalry amongst competitors					

12. In a scale of 1 to 5, to what extent would you rate use of the following strategies to cope with the above industry forces? Key: 5 – Very great extent & 1 - Very Low;

Type of Strategy	Very great extent	Great Extent	Moderate Extent	Low Extent	No Extent
Selling same products in same markets (market penetration)					
Offering new products in same market (product development)					
Offering same products in new markets (market development					
Offering new products to new markets (diversification)					
Focusing on specific customers (Focus)					
Being low cost producers (cost leadership)					
Offering unique products to a target market (differentiation)					
Taking advantage of new markets & opportunities (prospectors)					
Protecting our market from new competition (defenders)					
Wait for competitors to first respond to changes (analysers)					
Respond to changes reluctantly (reactors)					

If any other, please specify

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SECTION D: COMPETITIVE ADVANTAGE IN SHOPPING MALLS

13. How do you consider the level of competition in the industry?

☐ **Very high** ☐ **high** ☐ **Low** ☐ **Very Low**

14. Do you understand competitive advantage? **Yes** ☐ **NO** ☐

Briefly describe

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15. Do you consider your shopping mall to have competitive advantage?

Yes ☐ **No** ☐

SECTION E: STRATEGIES AND COMPETITIVE ADVANTAGE

16. Kindly indicate your level of agreement with the following statements relating to how you achieve your level of competitiveness in the industry.

Key: 5 **Strongly Agree (SA), and 1 Strongly Disagree (SD)**

Statement	5-SA	4-A	3-N	2-D	1-SD
Reducing prices below competitors					
Lowering rental levels					
Offering quality products/services at competitive prices					
Reducing operation costs to increase profitability					
Offering products/services different from competitors					
Offering superior product/ services that meet customer satisfaction					
Customer loyalty					
Targeting a particular market segment					
Targeting specific customers (niche marketing)					
Offering products/services to customers not targeted by competitors					
Diversifying the current line of products/services					
Increasing your market share					
Considering new markets					
Innovation					
Branding through aggressive marketing & advertisements					
Ensuring you have good tenant mix					
Employing resources that are rare, superior, not easily substituted, and difficult to imitate by others					

If any other, please specify

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THANK YOU FOR YOUR RESPONSE

Appendix III: List of approved Shopping Malls in Nairobi City County

1) Village Market - Gigiri
2) Sarit Centre - Westlands
3) Garden City Mall – Kasarani
4) Westgate Mall - Parklands
5) Thika Road Mall - Roysambu
6) Ridgeways Mall - Ridgeways
7) The Junction Mall – Ngong Road
8) Galleria Mall - Karen
9) Prestige Plaza Mall – Ngong Road
10) Greenspan Mall - Donholm
11) T-Mall – Lang'ata Road
12) Taj Mall - Embakasi
13) The Hub - Karen
14) Highway Mall – Uhuru Highway
15) Crossroads Mall – Karen
16) Two Rivers Mall – Runda
17) Capital Centre – Mombasa Road
18) The Mall – Westlands
19) Rosylen Riviera Mall – Limuru Road
20) Mountain Mall – Thika Superhighway
21) Shujaa Mall – Komarock
22) Nextgen Mall – South C
23) Lavington Mall – Lavington
24) Yaya Centre – Arwings Kodhek
25) Unicity – Kenyatta University

Nairobi City County: Urban Planning Sector; Urban Planning, Development, and Control Section (August 2016)