

COMPETITIVE STRATEGIES INFLUENCING PERFORMANCE OF SUPERMARKETS IN KENYA

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ABSTRACT

Supermarkets in Kenya have faced stiff competition as each superstores endeavor to outsmart each other. The divergent consumers taste for the different brands and the consistent consumer disposable income has ensured considerable growth in the market. The supermarkets compete to win customer loyalty and reference to remain competitive. Competitive strategy is about being different; it means deliberately choosing to perform activities differently or to perform activities than rivals to deliver a unique mix of value. Different supermarkets have different business approach and targeted consumers depending on their positioning to serve the consumers. To survive and make profits in a competitive environment, each firm must deliver a distinct advantage to its customers. Each supermarket has developed its distinct competitive strategies. Growth in supermarket business has involved increase in the variety of products offered for sale, including agricultural produce. The Financial Year ending 2011 was a challenging one for Supermarket in Kenya. Apart from stagnated economic growth; the Supermarket financial performance was below expectations due to several factors. Top among them being the turnover for the group declined to Kshs 6 billion in the year from Kshs 10 billion in 2013. With the decline in turnover, the loss for the year also increased from Kshs 654 million to Kshs1.228 billion due to the lower sales volume and lower margins for the year.

The main objective of the study was to establish Competitive strategies influencing performance of supermarkets in Kenya. The Specific Objectives was to determine the influence of positioning strategy, cost leadership strategy, differentiation strategy and innovation strategy as a Competitive strategies influencing performance of supermarkets in Kenya. The study adopted a descriptive research design with an aim of obtaining complete and accurate information. The population of interest included all supermarkets within Nairobi County. For the purpose of this study, the researcher targeted the 67 Supermarket chief executive officer, 63 Marketing managers in Nairobi since

these are the people who can provide information being sought by the study. Data analysis was done using SPSS and Microsoft excels to generate quantitative reports which was presented in the form of tabulations, percentages, mean and standard deviation. ANOVA and Chi-square data analysis methods was applied to analyze the data that will be obtained from open ended questions. Findings of the study concluded that the independent variables i.e. innovation strategy, positioning strategy, cost leadership strategy and differentiation strategy are Competitive strategies influencing performance of supermarkets in Kenya.

. It can be concluded that innovation strategy was the most critical factor influencing performance of supermarkets in Kenya

. The study recommends that the supermarkets management should invest in research and development and develop new products that are competitive in the target market.

The supermarket should also venture into new market and re-engineer business processes.

Keywords: *Competitive Strategies; Performance; Supermarkets; Kenya*

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