STRATEGIES APPLIED BY NAIVAS SUPERMARKET LIMITED TO GAIN COMPETITIVE ADVANTAGE IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for the award of Degree in any other university or institution for any other purpose

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

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DEDICATION

I dedicate this work to my mother, my uncle and Uniserv Education fraternity for making it possible. Thank you for all the support accorded through my academic journey.

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Writing this project has been an excellent learning experience despite the many challenges incurred during the process. Thus, I give glory to God for His guidance. Completion of my studies will open a new chapter in my life and provide me with the opportunity to venture into more career opportunities.

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ABSTRACT

Competitive advantage is the essential in any business that thrives to excel in the constant turbulent business environment. With post Covid – 19 effects, only the businesses that have applied different competitive strategies have been able to survive. Application of the different strategies both internally and externally influences the degree of gaining the competitive edge. The retail industry in Kenya has experienced massive growth and further has experienced cut throat competition with renowned giants including Nakumatt unable to maintain its market share and collapsed. Significantly, other champions including Tuskys, have closed most of their retail outlets due to the competition. The research project is a case study which seeks to establish the strategies that Naivas supermarket has adopted to gain competitive advantage in Kenya even after the Covid-19 pandemic. Data was collected through primary data by using interview schedules or guides written in open ended questions that allowed the respondents exhibit their opinions and views without limitations. Five senior managers who are the core decision makes in application of strategy for the firm were interviewed. Secondary data from internet, newspapers and review of internal documents was also used. Content analysis was used to establish how partnership strategy, technology leverage, human resource development, branding and brand positioning, excellent customer service strategies, Branch expansion, excellent customer service have been used to help Naivas supermarket gain competitive advantage. The study concluded that Porters' theory of competitive advantage, Institutional Theory and Dynamic capabilities theory have been used by Naivas supermarket understanding the external environment while utilizing maximumly the resources available to attain a competitive edge. The study found out that Naivas has differentiated its customer shopping experience which has created a regional and global brand and made it a trusted business were investors are willing to invest in the business. Focus on the working-class consumer, providing premium products, services, and experiences, and pricing them at a level that is consistent with world-class service were also strategies that Naivas applied. The study recommends that more research be done on all the supermarkets in Kenya for comparison purposes as the results of the findings were just from one supermarket.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Businesses operate in a very volatile, dynamic, and competitive environment. To surpass competition, one must accomplish a variety of things better than others. Michael Porter defined and termed this notion as operational effectiveness, which stands for doing the same thing better (Bachmann, 2002, p. 61). However, such a strategy would not be sufficient since rivals are also striving to improve. As a result, operational effectiveness cannot be used interchangeably with strategy. Strategy, according to Porter, is More about merging activities, and managers are mistaken in losing sight of the "full picture of the business," instead they consider core competencies, vital resources, and key success elements; nevertheless, they will not sufficient for a firm's strategy (Kippenberger, 1997, p. 21). However, both are necessary for improved performance but operate in distinct ways (Porter, 1996, p. 3). As a result, one may infer that the route to creating a profitable competitive strategy is far more difficult and time-consuming.

Profit maximization is the main goal of any firm (Arasa & Githinji, 2014). However, in the previous years, virtually every industry operates in a competing environment experiencing severe competition in markets (Aaker, 2012). Therefore, to be profitable in a given business, firms must maintain a competitive edge. Businesses must continually seek methods to strengthen their competitive position in order to remain viable and profitable and the competitive strategies used by a firm varies greatly depending on its economic sector (Lina, 2013). Thus, competitiveness is defined as an organization's ability to stay in business, protect its investments, and create future jobs (Anderson, 2019). Others, scholars such as Moffatt, M. (2016) define business competitiveness as a firm's ability to improve efficiency. Alternatively, Kamau (2013) defines business competitiveness as a company's capacity to effectively integrate activities in three areas: the marketplace (brand reputation), operations, and culture. As a result, ideas on how to measure firm-level competitiveness vary.

Regardless of how researchers define competition, one thing is certain: businesses need to be competitive to thrive in the market. Porter (2001) identifies three competitive strategies that can help them gain market share. These include low-cost leadership, differentiation, and focus (Ujunwa & Modebe, 2014). Using any of Porter's these general tactics, any firm is able to improve its market position and gain competitive advantage. Globally, the retail industry has risen rapidly, with notable growth in key locations. However, currently, the retail industry has changed dramatically due to substantial variances in client wants, globalization of markets, government norms and procedures, and innovation, thereby increasing competition among the supermarkets, who are the key players in this industry.

Supermarkets in Kenya compete for client loyalty (Moffat, 2016). As the city's population and residential homesteads develop, supermarkets have sprung up in the estates to help residents shop. Modernization has increased supermarket branching and as a result of this, each supermarket is increasing its efforts to ensure that customers like their shopping and return to the same store. In recent years, the Kenyan retail industry has become very competitive, forcing supermarkets to innovate in order to stand out. Thus, the current study will identify the strategies applied by Naivas supermarket Limited to acquire competitive advantage in the market.

The current research is based on Porter's Model of competitive advantages, Industrial Organization Theory and Dynamic Capabilities Theory. On Porter's Theory of Competitive Advantage, Porter asserts that when forces are excessive, no organization profits, but when pressures are benign, the majority of organizations profit. Therefore, this theory directs companies in the retail business, towards strategies that will enable them be competitive in the market. There is also Institutional Theory which postulates that logical decision-making methods and an efficiency-focused perspective are techniques based on the strategic planning practices and the notion that organizations undergo market pressure to change. Hence, this emphasizes the importance of an organization's understanding of its institutional environment and the techniques employed to achieve market dominance. Lastly, there is Dynamic Capabilities Theory which hypothesises that firms that have achieved international success have done so by adjusting swiftly to market changes, expanding product innovation, and employing both external and internal resources. Therefore, this idea contributes to the study's explanation of how firms can integrate, grow, and reconfigure both external and internal skills with respects to constantly varying market conditions.

1.1.1 Concept of Strategy

In commercial terms, business strategy refers to long-term commitment of a firm that results in benefits between resources and assigned competences through shareholder demands (Panigrahi, et al, 2018). Management develops a business's strategy to attract and keep consumers, execute operations, grow the business, and satisfy performance goals (Zhang et al., 2022). Strategic planning can help an organization's resources, capabilities, and external environment to become more competitive (Barbero, 2012). The company may grow through diversification, collaborations, market penetration, and technological innovation after optimal implementation of business strategy. According to Fernando, & Premasinghe, 2020) organization strategy means growing internal competencies and resources and the firm's research and development section generates innovative products and technology that expand the company's growth potential.

Therefore, the main intent of strategy is selecting a distinct and valued position based on activity systems that are far more difficult to replicate (Porter, 1996). According to Porter, in order to provide a distinct set of value to its clients, a firm must pick its operations differently from its rivals. According to Thompson et al. (2007), strategy is a long-term plan of action meant to attain a certain objective, most typically "winning." Because there is no one optimal position in the market, strategy is crucial. If there were, operational efficiency would be sufficient for the firm to prosper; but, even operational effectiveness is insufficient for the company to exist beyond a certain point. To distinguish itself, the organization requires a plan that leads to a durable advantage; otherwise, it risks being imitated.

To remain competitive, trade-offs must be made. If a firm wants more of something, it must sacrifice something else. Choosing what not to do is therefore part of strategy. According to Porter (1980), a firm can outperform a competitor in one of two ways: it can provide an identical product or service at a lower cost, or it can provide a product or service that is differentiated in such a manner that the a customer is ready to pay a price premium that surpasses the extra cost of the differentiation. In the first situation, the company has a cost advantage. In the latter case, the company has a distinct edge. The firm's objective in seeking cost advantage is to become the cost leader in its industry or industry sector.

According to Pearce and Robinsons (2007), a firm must be able to perform one or more value chain activities such as procuring raw materials, processing them into products, marketing the products, and distribution of products or support activities more cost effectively than its competitors, or it must be able to reconfigure its value chain to achieve a cost advantage. A firm's distinction from its rivals, on the other hand, is accomplished when it gives something distinctive that is useful to customers in addition to just giving a cheap price (Porter, 1985). He contended that properly adopting these general tactics needed the organization's full commitment and support. If a company tries to pursue both simultaneously, it will lead to poor performance, or being "stuck in the middle" (Porter, 1980).

In conclusion, achieving market share growth requires various strategies such as effective advertising, secured distribution routes, retail outlets, and other promotional aspects. Every company's marketing communication and promotion specialists encounter difficult issues in promoting and communicating their brands to clients. Thus, the current study will assess the strategies applied by Naivas supermarket Limited to be at a competitive edge in the market.

1.1.2 Concept of Competitive Advantage

The best definition of competitive strategy is the purposeful selection of activities from a large collection that form the basis of competitive advantage in order to give customers with an unparalleled mix of value (Porter, 1996). Additionally, it can be characterized as a framework of actions designed to aid a business in attaining a temporary competitive edge over its rivals. Porter (1996) asserts that a competitive plan is about sector uniqueness, which is deliberately selecting a unique combination of actions to provide a unique blend of value.

Novita & Husna (2020) also define competitive approaches as advantages gained over competitors by presenting higher-value goods and services to clients at lower prices or by providing extra benefits and services that validate charging the same, or maybe higher, prices as the competition, because competitors will find it more difficult to eliminate a long-lasting competitive advantage. According to Pratono, (2021) competitive advantage can be classified as comparative or differential. Comparative advantage is the more advantageous type of advantage in compared to differential advantage. Competitive advantage, alternatively referred to as cost advantage, is a firm's capacity to create goods at the lowest possible cost in comparison to competitors, enabling them to offer their products at lower costs, resulting in higher profit margins (Farhikhteh, et al, 2020). When a business produces goods that are identifiable from those produced by competitors and are of higher value, the business is said to have a differentiated advantage. Product pricing, venture capital investment in manufacturing and distribution facilities, contractual procedures with clients, and development expenditures all contribute to a business's competitive edge when it employs competitive tactics. Competitive strategies enable firms to establish a competitive position in their industry, devise responses to competitive pressures, and manipulate competitive forces in their favour. Thus, the current study will assess the strategies adopted by Naivas supermarket Limited to be at a competitive advantage in the market.

1.1.3 Retail Sector Industry in Kenya

Kenya's retail business is said to be enormously underdeveloped, with formal retailers accounting for less than 30% of the market despite the increasing middle class. Nevertheless, the country is undesirable to industry investors due to a variety of issues, including a difficult business environment and slow economic growth, which results in a longer period of waiting for a return on investment (PWC, 2019). Kenya's massive and growing population is likely to support a rising demand for retail services and products. Additionally, the expected entry and growth of multinational retailers is projected to continue in order to boost the growth of the country. Urbanization at a 4% yearly expansion rate (KIPPRA, 2019), the rapid development of the Kenyan upper and lower middle class, and increasing requirements for particular goods and services are predicted to integrate with Kenya's generally optimistic economic viewpoint to enhance retail development. The state government is committed to establishing an investment climate that facilitates the development of competitive and sustainable counties (KIPPRA, 2019).

County and national governments' efforts to outlaw street trading, revitalize and encourage investment, and impose contemporary retailing standards, have resulted in a substantial reform of the Kenyan retail sector. Between 2015 and 2019, supermarkets in Kenya increased at an annual rate of 18 percent, (Neven and Readorn 2020). Additionally, they determined that supermarkets have shifted out from Nairobi's central business district and toward intermediate and miniature towns, accounting for 46% of supermarket sales and 60% of supermarket locations that are outside Nairobi in 2020. Furthermore, this explosive growth was fuelled by a variety of factors such as the trade, urbanization, and local liberalization processes that began in 1993, as well as the rise of indigenous trades in Kenya. Supermarkets have lately acquired popularity in Kenya as a result of the enhanced shopping experience provided by shopping malls in major cities. The Kenyan supermarket sector has surely facilitated development for multiple processing and manufacturing organizations, SMEs, and producers of different items via the supply chain. Frequently, merchants have the challenge of creating a retail mix that appeals to target consumers while fostering long-term client engagement and loyalty (Weatherspoon and Reardon 2003).

1.1.4 Naivas Supermarket limited

Naivas Supermarket, is one of several private limited companies incorporated in Kenya under the Kenya Companies Act (cap 486). On 24 July 1990, Naivas Limited was incorporated. It was once known as Rongai Self Service Stores Limited and operated mostly in Rongai of Nakuru County. Later, the organization was renamed Naivasha Self Service Stores Limited, before being rebranded as Naivas Limited in 2007. Naivas supermarket a retail business with a retail chain industry of supermarkets that is well-established in Kenya's urban areas. They serve approximately 12 million clients each month through their 74 retail locations and online platforms around the region, and are today considered as regional retail sector leaders (Economic survey, 2019).

It has also developed a smart card that is used to reward customers based on their loyalty in all branches throughout the country; it has primarily targeted the country's lower and middle classes; and it has also been regarded as the country's dominant player in the retail industry, outperforming any supermarket in Kenya. By enhancing operational efficiency, the Naivas supermarket chain has placed itself as the controller of market in the retail business. The values of Naivas ltd are based on a strong human capital and culture, which has resulted in an increased level of devotion to the company's mission and vision, as well as support of economic development. The management team oversees the company's daily operations through a departmental management team comprised of individuals with skills, expertise, and experience in the many disciplines in which they are involved (Economic survey, 2019).

The supermarket, which stocks a wide variety of groceries and household items, also provides parking for customers who have come to shop. Naivas' supermarket chain is based on the geographical positioning of large-sized stores in towns, where they have established themselves as the sole retailers in that market sector. It features a large store with all of their merchandise and more parking than their competitors. Additionally, it gives reasonable rates on a large variety of goods at the lowest prices available. Milk on tap is another fantastic innovation that enables customers to purchase milk in tiny quantities. They also provide a variety of fresh flesh products that have been well accepted by clients. The addition of Deli to the retail chain was made to provide people with the option of purchasing their favourite cuisine in the quantity they desire.

1.2 Research Problem

The primary purpose of all business entities is to maximize the organization's performance and to maintain market relevance throughout time. Strategy is a critical management tool for maximizing a company's success through strategic initiatives (Porter, 1998). Managers developed visions for the future and devised tactics to help make the vision a reality in the face of a rapidly changing and competitive environment. Organization strategy establishes the mission and policies that a corporation wishes to advance, such as sustainability. Hamid

(2017) similarly emphasised that strategies direct resource allocation to satisfy an organization's expectations and objectives and are typically developed by top executives of a company to assist in growing the profitability of the firm, and help an organization accomplish and maintain a cutting edge in competition over its competitors. When correctly executed, strategies also enable the businesses to develop their brand's reputation, extend their market, increase their efficiency, and gain a competitive edge in the market. Maintaining a competitive edge and improving organization's performance in comparison to competitors are two of the primary goals that any business organization aims to accomplish through the implementation of numerous competitive strategies.

The Kenyan supermarkets have been facing both local and international competition from multinational players in the industry. Hence, the supermarket practitioners design and adopt various strategies to remain competitive in the market (Obado, 2005). This is because Kenya has a free market, and hence there is no restriction on the number of enterprises venturing in the retail market (Mwangi, & Omhui, 2013).

Numerous studies undertaken on competitive approaches as adopted by different firms in different industries have established that these strategies enhance their competitive gain in the market. For instance, Mwangi and Omhui (2013) found that competitive strategies boost company competitiveness, while Vlachvei, Notta, and Demiri's (2010) found that competitive strategies work best for small firms. Brown (2013) on the other hand found that cost leadership has no discernible effect on the competitiveness of pharmaceutical firms in the United States, while Aaker (2012) established that strategic alliances and differentiation tactics improve the competitiveness of pharmaceutical firms in Nigeria.

Nonetheless, very few of these studies, have been conducted on strategies used by retail industry for acquiring a competitive advantage in the market. Additionally, most of these studies on competing strategies used varying approaches, resulting in contradictory conclusions. Other studies focused on one single strategy, such as cost leadership, while others were conducted in various geographical locations such as United States, Nigeria, and Greece, rendering their conclusions inapplicable in the local context. What strategies are employed by Naivas Supermarket to gain competitive edge in the Kenyan market?

1.3 Research objective

This research study identified the strategies adopted by Naivas Supermarket Limited in gaining and sustaining competitive advantage in Kenyan market.

1.4 Value of Study

The supermarket practitioners and the management will utilize the findings of this study to come up with critical and idea business decisions that will assist in day to day running of the retail businesses. For example, the study findings will assist the practitioners in developing calculated plans and strategies to stay one step ahead of the competition and relevant to their target market and customers. Management decisions are often made with respect to the available data and facts, therefore, the competitors similarly, will utilize the study to gain a better understanding of their operations, strategies that can be adopted to gain competitive advantage over the rest of the businesses in the same industry. This to say that supermarkets and other retailers will utilize the study findings to compare their operations to those of their competitors and this will aid them in examining their operations and strategies in greater detail in order to continue being competitive and market leaders.

The policy makers in trade and industry especially in the ministry of trade and transport will also use the information gathered from this study in coming up with suitable and favourable policies and frameworks that will help in providing conducive environment for health competition among the businesses in retail industry.

Investors will use this study to thoroughly verify all parts of the Supermarket Company and operations. The information gathered from the study will be critical for investors to understand the factors and properties that imitate growth and operations in the grocery sector. This is crucial in order to facilitate decision-making and provide guidance on the conditions necessary to establish the firm. They are capable of comprehending and deciding whether to invest in this firm or not.

Finally, researchers and academicians will use the data gathered to unearth additional content on this subject. The data and information gathered will be utilized to discuss in greater detail additional facts about this subject. This will serve as a reference and guide interested parties through the process of deliberation and reflection.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews available information on competitive strategies for sustainable competitive advantages in various markets by various industries. It is organized around several themes, including theoretical approaches, strategy and organization, sustainable competitive advantage in organization and empirical researches and knowledge gaps.

2.2 Theoretical Foundation of the Study

There truly are different ideas that describe how firms' competitive strategies influence their overall performance and lasting competitive advantage. The current research is based on a range of theories to clarify specific concepts in respect to the study's surroundings. Among the theories given are Porter's Model of competitive advantages, Industrial Organization Theory and Dynamic Capabilities Theory. However, these theories differ in terms of their perspective on how businesses' competitive strategies effect their overall success and sustained competitive advantage.

2.2.1 Porter's Theory of Competitive Advantage

Porter (2008) defines competition as "acrimonious rivalry, the threat of entry, the threat of replacements, supplier and buyer power." He feels that it is vital to assess a sector's competitiveness before formulating a strategy. Strategic actions of significance can successfully connect generic strategies to organizational performance. Porter asserts that when forces are excessive, no organization profits, but when pressures are benign, the majority of organizations profit. Because the component of the five forces differs by industry, a corporation must develop a unique strategy for each industry, such as the retail supermarket industry.

Porter's (1998) generic approaches are low cost, differentiation and focus. These are considered to be universal strategy categories. Porter (1985) asserts that a corporation's principal objective is to compete in its industry. His assertion that low cost and distinction are unrelated endpoints on a continuum has prompted considerable theoretical debate and empirical inquiry. This disagreement may have been sparked by a lack of conceptual building blocks to support his value system notion. Scholars recently stated that low cost and diversity may be distinct goals that should be pursued fiercely concurrently (Fournier, 2008).

Miller and Dess (2010) discovered that by considering cost, distinctiveness, and emphasis as three elements of strategic positioning rather than three discrete tactics, the generic strategy framework can be enhanced. Other experts concurred that it is both feasible and beneficial to pursue multiple sources of competitive advantage (White, 2008). Thus, the strategic management research findings cited by Porter do not directly support his first argument. Porter's model is crucial for establishing the degree and significance of each of the key competitive pressures in a market.

Even while Porter's competitive advantage is praised by management experts and is still taught at business schools, there are many scholars who criticized his work. In his paper, Barney argues that cost and distinctiveness cannot be taken for granted as competitiveness leaders. For example, he contends that governmental, near-monopoly enterprises might profit handsomely without using either of Porter's strategies since they are continually subsidized by the state (Barney, 1991, p. 16).

Furthermore, McGrath contends in her book that competitive advantage should be temporary rather than long-term (McGrath, 2013). In her book, she coined the phrase "creative economy," referring to how "businesses are growing better at finding out what customers actually need and would pay for, creating better experiences, and wresting new efficiencies from existing assets" (McGrath, 2013). It's similar to riding a wave in that businesses examine what occurred, find out how to do it better the next time, and then move on (Denning, 2010). According to her, long-term competition is not only unsuccessful, but also detrimental.

Porter's cost leadership hypothesis has been criticized for its significant dependence on contemporary technology to accomplish it. According to Porter, "major up-front financial investment in cutting-edge equipment" is necessary (Porter, 1998, p. 40). However, spending a large sum of money on cutting-edge equipment when one is unsure of its benefit can result in the bulk of money being invested in something that may not be lucrative at all (Datta, 2009, p. 6). The necessity of a large market share in order to accomplish the cost leadership plan, as described in the first section, was a source of criticism. According to Porter, "a low total cost position often necessitates a large relative market share or other advantages, such as excellent access to raw resources" (Porter, 1998, p. 36).

Scholars argue that market share leaders get at that stage via differentiation strategies, such as superior quality or more appealing packaging, rather than through cost leadership (Datta, 2009, p. 22). One of the most pressing issues is whether or not there is a relationship between Porter's generic tactics and organizational success. Allen and Helms created a questionnaire to study this kind of relationship (Helms, 2006, p. 439). They employed four factor scales: focus-cost leadership, cost leadership, and focus-product differentiation. They noticed in their survey that correlation analysis of the four strategy scales shows that each is highly connected with organizational success. They went on to define which strategic practices should be related to each generic strategy in order to achieve good organizational performance. This is the research that falls behind the support line for Porter's theory of generic strategy, and most importantly, it discovered empirical proof of the latter's practicability. As a result, one might infer those generic strategies aided managers all over the globe with the difficult task of strategic planning.

Furthermore, thinking about rivalry inside an industry as a serious threat, according to McGrath, is a highly risky view since there is no longer pure within industry competition; instead, business models compete with one other, industries, and product lines as well (Denning, 2010). Finally, in his piece entirely dedicated to critique of Porter's competitive advantage, Klein claims that Porter's explanation of the route to competitive advantage was highly prescriptive. He also concerns the latter's applicability, citing a study in the banking industry that found the approach difficult to follow (Klein, 2001, p. 2). Klein also dismisses Porter on the grounds of tautology, stating that he repeats the phrase competitive advantage on more than 500 pages without fully clarifying what it is, other than that a business must have it.

However, the theory is appropriate to the study because it directs companies in the retail business, such as Naivas supermarket, toward one of the general strategies that will enable them to compete in the market. According to Kitoto (2005), a firm's awareness of the five criteria will aid it in selecting one of the general strategies necessary to compete economically in an industry. As a result of these market dynamics, Naivas supermarket can only build and choose successful strategies after thoroughly identifying competitive pressures, evaluating the virtual strength of each pressure, and understanding the industry's complete competitive structure. Armed with knowledge about the magnitude and impact of competition forces, Naivas supermarket can make decisions that strengthen their own competitive position. The objective is to erode competitor forces' capacity to compete. Contrary to conventional assumption, numerous firms have achieved greater economic performance by pursuing a cost-cutting and differentiation strategy concurrently (Bresnahan and Reiss, 2010).

2.2.2 Institutional Theory

Institutional theory dates back to the late nineteenth century and has profited from social scientific contributions, particularly Marx studies, Cooley, Weber, Veblen, and Commons (Scott, 2004). The notions of Institutional Theory are inspired by a desire to comprehend how particular organizations operate in pursuit of improved performance in a dynamic commercial environment. Institutionalists' proponents contend that logical decision-making methods and an efficiency-focused perspective are techniques based on the strategic planning process and the notion that organizations are under pressure to change (Meyer and Rowan, 2017).

Institutional theory is primarily concerned with the notion that contextual circumstances influence the rational decision-making capacity of systems (DiMaggio and Powell, 2011). From this perspective, the institutional environment is considered as crucial to organizational behaviour, or as an independent variable in relation to it. Crubellate (2007) argues that the institutional perspective on organizational structures and institutional forces operates in a circular manner; that is, the structures and actions are directed by environmental forces, but these environmental pressures also enter the institutionalization process when there is a positive correlation, responding to them.

The principal critiques levelled against institutional theory have been its assumptions of organizational passivity, as well as its inability to address strategic behaviour and the exercise of influence in its concepts of institutionalization. Given the focus of resource dependence theory on the approaches and benefits of noncompliance in response to external demands, this theory provides an especially suitable basis of comparison for revealing institutional theory's delimiting presumptions, identifying the complete repertoire of other strategies available to firms confronting institutional demands and expectations, and determining the factors that forecast when firms will resist or conform to institutional expectations and demands.

The theory underpins the current study since it emphasizes the importance of an organization's understanding of its institutional environment and the techniques employed by Naivas Supermarket Limited to achieve market dominance. The idea outlines how firms seek to achieve the highest market position possible through the development of innovative products and services that benefit society. From a competitive advantage perspective, the theoretical underpinnings translate the efficient use of resources, particularly knowledge, into the generation of strategic capabilities capable of meeting market interests, overcoming external barriers, particularly those imposed by the state, and promoting sustainable corporate actions.

2.2.3 Dynamic Capabilities Theory

The creation of dynamic capacities (DC) theory was both an extension of and a reaction to the resource-based view's (RBV) incapacity to comprehend the formation and regeneration of resources and capabilities in response to quickly changing business environment. DC may be a source of competitive advantage (Teece, Pisano & Shuen, 1997). DC theory is the notion that a firm's lasting competitive advantage is founded on the acquisition of valuable, rare, inimitable, and non-replaceable (VRIN) resources. Dynamic capabilities allow businesses to integrate, marshal, and rearrange their resources and capabilities in response to quickly changing surroundings. Thus, DCs are procedures that allow a company to reconfigure its strategy and resources to attain lasting competitive advantages and improved performance in circumstances that are constantly changing. Despite the abundance of studies addressing the notion of distributed computing (DC), advancing the theory needs a concerted effort by academics to demonstrate ideas connected to the theory and how to integrate them with actual practices inside companies.

By integrating and reorganizing its talents and capabilities, the business may better respond to changing situations. This thesis discusses three facets of the concept of a firm's competitive advantage. Procedures, roles, and paths are the three variables that define the firm's strategic direction. According to DC theory, a firm's competitiveness is determined by its corporate procedures, asset situations, and current and future directions (Teece et al., 1997). Bowman and Véronique (2009) indicate that there are two basic categories of position: external and internal. Internal assets are those owned by the company, such as institutional and reputational assets, whereas external assets are those owned by third parties. The present position of a business is determined by its borders and market assets. The idea of dynamic capabilities, however, has been criticized for being difficult to empirically quantify, both in terms of the underlying operational processes and the connection between dynamic capabilities and company performance (Arndt, et al., 2022).

This theory strengthens the current study because it enables a firm to continuously adjust its position in the product market. It also satisfies the "flow" explanation of present competitive advantage by guaranteeing that the firm always upholds a wider gap between readiness to pay and cost than rivals (Vogel & Güttel 2013). In fact, it seems that dynamic skills give birth to the remarkable capacity to "always have a competitive edge in an attractive sector" and therefore always offer better financial performance irrespective of external factors. As a result, in the context of Naivas Supermarket, the theory helps to explain how Naivas Supermarket integrates, develops, and reconfigures internal and external talents in response to continuously changing market circumstances. The dynamic skills might include Naivas Supermarket's efforts or ability to adapt to changing customer requirements, technological improvements, and market trends.

2.3 Strategies and Competitive Advantages

A strategy is a planned plan or framework for making decisions and executing the actions of a corporation, employing current resources to produce value and achieve organizational goals, especially over the long term. A corporation can build a distinct and valued position by engaging in a sequence of actions that are distinct from those of its competitors, according to Porter (2008). Successful strategies share a number of qualities, including objectives that are long-term, clear, and measurable. This enables the company to build a successful, long-term plan of action and to establish clear, measurable checkpoints throughout the plan's implementation.

As a result, strategic entrepreneurship is synonymous with identifying and exploiting business opportunities while also acquiring and keeping competitive advantages (Miller and Cardinal, 2014). This is because competition is the bedrock of a market economy, a potent stimulant of economic growth, product quality improvement, scientific and technological advancement, and decrease of production support (Kuratko, and Audretsch, 2009). When developing a competitive strategy, the business must determine a successful and long-term position in its industry, taking into consideration the branch's special characteristics, the size of its capital, and the gathered knowledge and expertise (Dimitrova 2014).

Filipova (2005) also notes in their study that in order to remain competitive, businesses must develop their strategies from scratch, based on new technologies, the uniqueness of processes and products, the satisfaction of all user criteria, and the high quality of delivered products. The strategic management process's ultimate objective is to guide the organization toward selecting and implementing a strategy that will provide the organization with a competitive edge (Filipova, 2005).

A comprehensive understanding of the competitive environment and constant monitoring of environmental changes are prerequisites for identifying opportunities and avoiding hazards.

The resources of an organization must be examined objectively. It must identify its strengths in order to capitalize on them and its shortcomings so that they can be mitigated or eliminated. As a result, as part of the strategy selection process, the organization must analyse the resources and competencies it now possesses and those it needs. Porter (1996) emphasized the uniqueness of strategy by defining it as "the process of developing a unique and valuable position through the execution of a unique set of actions." Its purpose is to provide daily guidance in order to achieve the stated goals while adjusting to alterations in the operational environment (Pearce & Robinson, 2007). By focusing on mission, business objectives, and competencies, business level strategies act as a bridge between corporate and functional strategy.

Understanding the external environment and the mechanisms that contribute to market imperfections is crucial to competitiveness. In efficient markets, which are characterized by perfect competition, a uniform distribution of resources and data would eliminate any significant competitive advantage. When the market is imperfect, however, an organization has an edge over its rivals. A corporation must have a comprehensive awareness of its own capabilities and resources, the environment and industry in which it operates, as well as the internal and external sources of competitive advantage in order to acquire a competitive advantage.

Consequently, organizations must design and adapt their strategy to the market situation. According to Ansoff and McDonnell (1990), the current trend is to blend internal strengths and market potential into an organization's strategic vision. Numerous firms undertake strategic efforts such as corporate reengineering, strategic collaborations, diversification, technological leverage, staff development, brand reviews, price and, and regionalization in the present day. Strategy is a distinguishing characteristic in and of itself (Porter, 1980).

Different businesses approach strategy creation and implementation differently, and also react in a different way to industry competition. According to Ansoff and McDonnell (1990) resource limitations are gradually constraining the actions that businesses can take in their industry. In light of market shifts, companies analyse many strategic options, making choice vital to strategy.

2.4 Empirical studies and Research Gap

Gatutha and Namusonge (2020) did a study on the competitive strategies and performance of Nairobi, Kenya's supermarkets. Specific objectives included determining the impact of differentiation, focus strategies and cost leadership, on supermarket profitability in Nairobi. This study was descriptive. The study sampled 10 supermarkets in the city of Nairobi. Ten representatives of each supermarket's senior management were interviewed for the study. Data were collected using closed-ended questionnaires, and were both descriptively and inferentially analysed. The results demonstrate that an increase in the unit cost of cost leadership efforts resulted in a significant 0.898% performance improvement of supermarkets. Second, adjusting upwards the unit size of differentiation approaches increases supermarkets performance by a factor of 0.917%. In conclusion, increasing the unit size of focus strategies increases supermarkets performance by 0.579%.

Olson and Slater (2015) investigated the impact of competitive plan on company performance. The study used descriptive analysis and was restricted to the United States. Balanced scorecard was utilized to assess performance. Where balance refers to the fact that all performance measurements are of equal importance in all circumstances. In addition, a multiple-measure technique was utilized in the study to demonstrate that competitive strategies impact corporate success. Nonetheless, the study was of a descriptive type and was done in the United States of America. In contrast to Kenya, which is a developing country, the United States of America is a developed nation. These differences range in dimensions, cultural variety, and integration. As a consequence of this information, the current research aims to examine the competitive tactics of the Naivas supermarket that make them sustainable and competitive in the market.

Chege (2014) examined the competitive activities of Nakumatt Holdings for financial advantage. The goals of Nakumatt Holdings included delivering precise guidance to customers and leveraging the use of technology. The inquiry successfully shed light on Nakumatt's diverse methods. However, the study failed to discuss the impact of competing strategies on Nakumatt Holdings performance. Likewise, the exercise focused solely on Nakumatt Holdings, but the present study investigates the competitive plans adopted by Naivas supermarket to preserve a sustainable competitive advantage on the Kenyan market.

Anderson (2019) conducted a study on the competitive plans used by Kenyan petroleum retail outfits. According to the study, all stations employ two techniques to keep their competitive edge and relevance. They frequently combine differentiation and cost leadership, and the majority of them are international corporations, owing to their superior financial capacity. The conditions under which multinational corporations function may not be directly applicable to small-scale pharmaceutical manufacturers whose primary constraint is resource scarcity.

Kinoko (2018) examined the competitive strategies used by Kenya's primary lubricant marketers. His concentration was once again on the major oil companies, and he discovered the utilization of broad differentiation and hybrid methods. At the time, the most critical tactics in product providing were to sell lubricants recommended by original equipment manufacturers and to offer a diverse assortment of lubricants to clients. Several of these majors have either quit the market or are in the process of doing so. A recent Nigerian conceptual study (Ujunwa & Modebe, 2014) examined how the capital market's vital role in economic development affects competitive tactics by examining a range of reviewed measures ranging from effective laws to an encouraging macroeconomic environment. The findings suggested that adopting competitive tactics increased capital market efficiency and leveraged the function of the capital market in upholding economic performance. Askarany and Yazdifar (2012) discovered a substantial positive association between how enterprises expand or do not grow in relation to the adoption of competitive tactics in New Zealand. Additionally, the study discovered that the essence of a great strategy is developing a strong enough market position and favorable performance in the face of unforeseen occurrences, fierce rivalry, and internal challenges.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a comprehensive discussion on the research approaches and the type of approaches that was used to carry out the study. It therefore entails the research design, methodologies used for gathering data and approaches for data analysis that was utilised in this research study.

3.2 Research Design

The present study was guided by case study design in which the Naivas Supermarket Limited as a case study was investigated. The choice of the design is inspired by the need to carry out in-depth analysis and scrutiny of a specific unit under investigation, given that the design is a qualitative and descriptive approach that carry out an in-depth scrutiny of a given topic or issue. In many instances, case studies are favoured when assessing a unit with a lot of emphasis and concentrations so as to obtain comprehensive information regarding the said unit of study. Case study design was therefore be preferred in assessing the strategies adopted by Naivas Supermarket Limited to gain competitive advantage in the Kenyan Market. Yin (2018) asserts that case studies add comprehensive knowledge on an organization, society or individual.

3.3 Data collection

The current study utilised primary qualitative data in assessing the strategies adoped by Naivas Supermarket to acquire competitive edge in the market. The data was conducted in the headquarters of Naivas Supermarket Limited in Nairobi, where strategic decisions are taken prior to being implemented in other branches.

The researcher collected the primary data by using interview schedules or guides. Interview schedules were written in open ended questions that allow the respondents to exhibit their opinions and views without limitations or restrictions as exist in questionnaires. These questions were developed by the researcher himself and were all conforming to the study objective.

Study respondents were five top managers of Naivas Supermarket Limited, namely Chief Executive Officer, Group Financial Controller, Human Resource Manager, Director of Strategy and Operations and Business Development Manager. These respondents were purposively involved in the study because they are rich with information on strategies applied by the supermarket to acquire competitive cutting edge.

In collecting the qualitative data, the researcher conducted an interview with five top management of Naivas Supermarket Limited. The approach of face to face intervie permits more in-depth data gathering and inclusive comprehension of the data, given that the interviewer is allowed to probe for further explanations of responses.

3.4 Data analysis

Qualitative data analysis was analysed through content analysis approach. Content analysis is described by (Braun & Clarke 2006) as a method of identifying, examining and recording content within data and making candid and comprehensive interpretations on the content that conforms to the research objectives. This involves reading and re-reading the entire set of data to look for patterns of meanings and issues of potential interest before, during or even after analysis.

In analysis of the contents (strategies), the study used the following processes to arrive at the contents namely; data familiarity, sorting themes (strategies), reviewing contents (strategies), defining/naming themes (strategies) and reporting. Content analysis gives the researcher more rooms to be flexible when it comes to data interpretation and also allows him or her to effortlessly approach large data by organising them into broad contents.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1Introduction

This section contains the study's findings, conclusions, and discussion. The study's goals were to learn what competitive strategies Naivas uses in Kenya and how those strategies give the company an edge. In this investigation, content analysis was used for qualitative data analysis. It was through this method of data analysis that we were able to assess the relevance, accuracy, reliability, and completeness of the information we had gathered. The case study's patterns, core thesis, beliefs, and justification were analyzed, and conclusions were drawn. The findings show that Naivas puts a high value on strategy, and that it has devised and executed a number of noteworthy competitive measures in order to sustain its current market position. Strategic mall placement; leveraging technology; militant branch increase; faculty stress and maturation; an emphasis on renovation and education; a focus on tactical affiliation; a focus on branding and brand positioning; a focus on vertical integration; a department store model; centralized quality control and management; a dedication to satisfying customers.

4.2 Profile of the Interviewees

Participants were top executives of Naivas Supermarket Limited. The CEO, Strategy and Operations Director, the controller of finances, the Manager of Human Resources, as well as the Manager of Business Development were all among them. All the interviewees (respondents) have been offering their services for Naivas Supermarket for more than 5 years hence were knowledgeable enough to offer reliable and dependable information on strategies applied by Naivas supermarket limited to gain competitive advantage. Respondents also had good education background as most of them had at least bachelor degree in various discipline and hence were able to comprehend questions being asked for the benefit of the study.

Therefore, these interviewees were chosen owing to their rich profile, hence own and control the company's strategy and have the best grasp on how those tactics have helped the business succeed and remain competitive.

4.3 Competitive strategies that Naivas has adopted in Kenya

4.3.1 Partnership Strategy

Findings from this study's interviews show that Naivas relies on three important alliances as the basis for its development strategy and competitive advantage. One of these types of relationships is with the wholesalers or manufacturers that provide the store with inventory. Some suppliers may provide the merchant items worth tens of millions on credit and be paid later, according to the managers questioned in this research. Naivas attributes much of its success to its supplier network. Suppliers have been extremely helpful and have worked hard to meet or exceed global quality requirements for both items and packaging. A total of 700 suppliers are involved in the retail chain's daily operations, and managers say they've helped 150 of those businesses expand from the cottage industry stage to the larger manufacturing stage. During the interview sessions with the Strategy and Operations Director, here is an excerpt of what he said;

> *"Naivas has worked with major companies including Adidas, Nike, Clarks, Revlon, and eventually Disney Land because of its department store format. The Naivas has been successful to a larger extent because of the ties it has forged with property owners via its leasing approach. In other cases, property owners are able to acquire construction financing thanks to store lease assurances. Experts such as consultants and advisers who provide their skills as partners are another kind of business associate that has helped the supermarket forge a head*" (**Source: Strategy and Operations Director, 15/10/2022**)

Customers, who provide constant feedback on how the company may better deliver on its brand promise, are the business's second most important partner. The retailer's principal strategy is to provide exceptional customer service. The study also found that the supermarket management has good working relationship with the junior employees and this cordial relationship spur the supermarket to greater heights. For instance, during the interview with the manager of Human Resources, she said;

> *Most of our employees have been with the store from its infancy and are known for their dedication to the brand and the success of the business. Due to high levels of trust among personnel, there is low staff turnover currently at less than 8% and theft (currently at less than 3%). Moreover, although the bulk of Naivas' employees are Kenya's Form Four who have grades as low as D+, the company nonetheless hired, trained, and guaranteed them a future in retail. This has resulted to their solid commitment to the company* (**Source: manager of Human Resources, 15/10/2022**)

4.3.2 Technology Leverage Strategy

The fundamental focus of Naivas's approach is on the use of cutting-edge technology. Some of the retail chain's higher-ups said in interviews that their company is an innovator in the field of retail technology. The store was the first to use a POS system, which allows for real-time inventory tracking when items are purchased. Respondents said they had just purchased a newer brand of retail-specific Enterprise Resource Planning (ERP) software in an effort to streamline internal processes. The ERP system's enhanced version now connects all of its branches to a centralized warehouse. As soon as inventory of any given item drops below a certain threshold, an alarm is dispatched to the main distribution center. This is what one of the respondents said during the interview session;

> *The nature of our technology leverage strategy permits us to operate in such a way that shopping is made easier with less pain especially in food sector where most of our customers flock. For instance, we ahead of the rest of our competitors because the technology we employ in our operations allows for quick delivery, prompt payment, small queues and digital displays of useful information and propositions to our customers and the employees as well.* (**Source: Manager of Business Development, 15/10/2022**)

Naivas's ability to deliver on its brand promise is supported by proper application of technology leverage strategy. The research also revealed that the shop makes use of retail-specific, touch-screen PCs with an integrated card payment system at the register. Improvements in employee competence are an inevitable byproduct of technological progress.

4.3.3 Human Resource Development Strategy

According to the research, the company values its employees highly and considers them a critical component of their business and competitive edge. The 8,000 people who work for Naivas in the area are like a large happy family to the company. One thousand and five hundred unionized employees are an integral part of the expansion, with many having grown up with the company and its products.

Some workers had worked their way up from positions such as shop help or truck driver, which the survey found fostered a strong feeling of loyalty. The company also has a personnel strategy that includes training and education for employees to better serve customers. It was highlighted in the interviews that the retail chain has a training department devoted to the professional growth of its employees and a state-of-the-art facility which can accommodate up to 300 individuals located in the headquarters on Mombasa Road. One of the interviewees had this to say;

> *"We have good programs and structures for training our employees and because of this, we can be certain that your employees will be well-versed in every facet of running the company. Managers in this research stressed the need of having an internal framework that promotes skills development since educational institutions do not provide training courses in retail operations and management"* (**Source**: **Manager of Human Resources, 14/10/2022**)

According to the findings, the retail industry's human resource strategy starts with hiring, with an emphasis on attracting and retaining individuals with a genuine interest in the industry. Offloading trucks, organizing stock, and handling commodities, some of which are sensitive, are all part of the induction process that begins at the warehouse. Managers in this survey agreed that working in a warehouse is a great way to test one's commitment level and that those who make it through the process tend to remain for a long time. Before any of the products ever make it to the store floor, the warehouse personnel uses a full-scale replica of a supermarket to learn the proper placement of items. According to the research, the retailer provides the following benefits to its employees as part of its people strategy: a medical plan for all workers; a pension plan; life insurance for workers and their families.

4.3.4 Strategy of Branding and Brand Positioning

According to the results of this analysis, Naivas has successfully positioned itself as a premium brand. Its logo represents the company's pledge to provide on quality, value, service, variety, and an approachable way of life. The pricing approach is based on this offer, as mentioned by the managers questioned during the interview session. The retail establishments' management have justified their intentionally increased pricing by pointing out that they face stiffer competition. In 2016, the Nielsen Company found that the company has a 60% share of the Kenyan retail market and a Brand Equity Index of 55%. Based on the findings of this study, the company has built a strong reputation in the market thanks to a number of factors, such as the high quality of its services, the enthusiasm its owners and employees have for the retail industry, the company's efforts to deliver on its promises, and its rapid expansion, which inspires trust and confidence among its stakeholders. Here is an excerpt of what the Strategy and Operations Director said;

> *‘‘Naivas supermarket depicts leadership as shown by their new supermarket idea, through branding and brand positioning and through this, they have continued to claim their position in both the Kenyan market and East-Africa as a whole. In fact, Naivas supermarket is currently the biggest supermarket chain in East-Africa. Our brnad positioning statement provides a good description of our target market and it also contains holistic pictures of how we would like our brand to be perceived by our customers’’* (**Source: Strategy and Operations Director, 15/10/2022**)

According to the research, Naivas Holdings has been recognized throughout the globe for its outstanding business practices and stellar reputation. Examples include East Africa's most trusted accounting firm, Price Waterhouse Coopers. East Africa Super Brand in 2018 and 2019, Planet Retail's No. 1 spot as Africa's largest retailer (outside of South Africa) in 2018, and Planet Retail's No. 2 spot on the list of the world's most innovative retailers in 2019 The company's CEO was named one of the Financial Times' 50 most influential people in the emerging markets in 2016.

4.3.5 Branch Expansion Strategy

Naivas's strategy of growth is a key component in its effort to strengthen its position in the market. According to the managers surveyed for this report, part of Naivas 2.0 plan is to have a physical presence throughout East Africa by establishing offices in countries including Ethiopia, Uganda and Tanzania. This store has expanded rapidly, and there are now 70 locations in Kenya and the surrounding area. According to the results of the research, Naivas Holdings now operates a total of 38 branches across Nairobi County. With decentralized power and new potential in the counties as a background, the retail sector is plotting its expansion to other countries in Africa.

With a hypermatt that spans over 45,000 square feet, the merchant plans to get into untapped regions. The management we spoke with said that the overarching strategy behind this was to first guarantee beautiful displays and economies of scale, and second to assure a retail model that is gives Naivas a competitive advantage and offers customer experience. According to the interviews, Naivas operates on a headquarter warehouse model, where most commodities are sent to the extensions from the headquarter warehouse. During the interview session with the Strategy and Operations Director, here is an excerpt of what he said;

> *"We are having various branches across the country but the headquarter warehouse still remains our center of disport. This makes delivering goods to a big more cost-effective than delivering them to a small shop. When deciding whether or not to expand into a new market, the saturation of the retail sector is crucial. Enterprises with a minimum but rising retail penetration of roughly 20%, a well-developed infrastructure that would support its malls and all these considerations have made our business be above the rest".* (**Source: Strategy and Operations Director**, **14/10/2022**)

The management also highlighted that they prioritize people purchasing power. The retailer's Lease Strategy is also a key strategic choice. According to the research, Naivas is not the owner of the buildings where its branches are located, but rather, it is the anchor tenant in each shopping mall where it has a location. Naivas is an anchor tenant, meaning they receive preferential treatment when it comes to renting space in shopping centers. The low rates help keep overhead down. According to the respondents, the leasing plan mitigates the dangers associated with property ownership and prevents them from having to spend money on capital expenditures or oversee the assets. The advantage this provides the store is substantial. The management said that the retailer's brand equity and consumer trust had resulted in several proposals from regional markets, government and property developers to open up additional outlets.

4.3.6 Excellent Customer Service Strategy

According to the respondents in this research, Naivas' primary goal is to provide customers with an exceptional shopping experience. Middle-class consumers with incomes that are highly disposable and hence lack price sensitivity are the retailer's major focus. Approximately 250,000 customers visit Naivas every day, with over 100,000 transactions processed, according to the research. The directors of Naivas have pointed out that the strategy behind the shopping experience is based on a mix of two factors. Respondents cited the increased family time as evidence excellent customer service has improved consumers' emotional connection to the company. Participants in the interviews praised the success of company-customer relationship. One of the participants had this to say;

> *Having excellent customer service strategy in a business is a thorough plan to take care of customer interactions. In our organization, this strategy has let us provide a reliable and consistent customer experience in the entire customer journey. Knowing the customer experience has also made us increase more loyal customer base. In any business organization, loyal customers or clients would buy more often from, spend more on our products, and refer their friends and family to us. (***Source: Strategy and Operations Director**, **14/10/2022)**

Managers questioned for this research also remarked that providing services to customers in Kenya differs from serving customers in other countries like Europe, where shoppers are more likely to be aided in packing their own purchases and pushing their trolleys out the door. For example, here is what the Strategy and Operations Director had to say;

> *"Naivas will continue to put money into improving their consumers' experiences to ensure that there is good representation of your brand when interacting with potential buyers. Customer service can break a company's chance to turn a potential customer into a loyal customer".* (**Source: Strategy and Operations Director 14/10/2022**).

This shows that the Naivas limited company provides its consumers with a vast selection of reasonably priced name brands, as well as great and superior quality service by consistently meeting their requirements, enhancing their quality of life, and exceeding their expectations.

4.3.7 Strategy of Vertical Integration

According to the data collected for this case study, vertical integration has helped Naivas expand its company since its inception. To package fast-moving basic goods such as milk, fresh farm products under Naivas's brand names, the company has embraced vertical integration with well-structured collaboration with suppliers. According to the managers questioned for this study, this arrangement was created to strengthen emotional ties between the brand and the consumer. According to the interviewers, the goal is to have 40% of the company's products be sold under company's name. During the interview session with one of the respondents, the Manager of Business Development had this to say;

> *"Our organization uses integration strategies especially for fast moving goods to augment our competitiveness, efficiency or market share by expanding our influence into new areas. These areas can include supply, distribution or competition*" (**Source: Manager of Business Development 17/10/2022**)

This shows that Naivas Supermarket employs vertical marketing strategy to enhance their distribution, effectiveness in the market and expand their market share. The products or goods are less expensive than identical items sold under the suppliers' labels because the retailer benefits from economies of scale and the lower cost of packing made possible by carefully chosen packs.

4.4 Discussion of the Findings

4.4.1 Linking the Study findings to the Theory

The current research findings is reinforced by Porter's Theory of Competitive Advantage in which the Porter (2008) posits that it is vital to assess a sector's competitiveness before formulating a strategy. Strategic actions of significance can successfully connect generic strategies to organizational performance. According to the findings, Naivas has capitalized on a number of strengths, including the expertise and dedication of its founders, the company's longstanding reputation and the numerous awards and recognitions it has received around the world, and the company's substantial financial resources, which have allowed it to purchase cutting-edge equipment, and form lucrative alliances. The company has also relied heavily on a distinct selling point to have an edge in the retail industry. The location, store layout and presentation, product quality, and assortment all contribute to an environment that appeals to middle-class consumers who can afford to spend a little more for a pleasant shopping experience.

Based on the results, it can be concluded that Naivas has successfully differentiated itself from the competition and established itself as the category leader by providing a first-rate shopping environment to those in the medium income bracket who are prepared to pay for it. Similarly, the institutional theory emphasizes the importance of an organization's understanding of its institutional environment and the techniques employed business organizations to achieve market dominance. Similarly, the dynamic capabilities theory emphasizes that by integrating and reorganizing its talents and capabilities, the business may better respond to changing situations. This thesis discusses three facets of the concept of a firm's competitive advantage. Procedures, roles, and paths are the three variables that define the firm's strategic direction. When established capabilities become overly prominent in a company, the focus on internal resources or core competency might cause the core competencies to become core rigidities (Tidd et al., 2005). When it comes to keeping up with the competition, Naivas has had to rely on creativity to stay ahead of the game.

4.4.2 Link to Other Empirical Studies

The results of this investigation were compared to previous case studies that had examined competitive tactics in the retail industry. For instance, Gatutha and Namusonge (2020) did a study on the competitive strategies and performance of Nairobi, Kenya's supermarkets and similarly demonstrated that an increase in the unit cost leadership strategies, good customer service and technology leverage resulted in a significant 0.898% performance improvement of the supermarkets. Similarly, Chege (2014) examined the competitive activities of Nakumatt Holdings for financial advantage, and also found that the goals of Nakumatt Holdings included delivering precise guidance to customers and leveraging the use of technology for good organization performance. Anderson (2019) on the other hand, conducted a study on the competitive plans used by Kenyan petroleum retail outfits. According to the study, all stations employ two techniques to keep their competitive edge and relevance. They frequently combine differentiation and cost leadership, and the majority of them are international corporations, owing to their superior financial capacity. The conditions under which multinational corporations function may not be directly applicable to small-scale pharmaceutical manufacturers whose primary constraint is resource scarcity.

Kinyua's (2011) research on the competitive tactics used by small supermarkets, cost and placement are major considerations. Similarly, Kiarie (2009) found that Uchumi Supermarket's primary turnaround methods were recapitalization, cost control, better customer care, income sale maximization, and corporate reestablishment and shakeup. Also, Atieno's (2011) research on the topic, the two most important reasons in making the Naivas grocery chain in East Africa popular among shoppers are the company's use of qualified people and cutting-edge technological resources. Research by Mbithi (2011) entitled Strategy Implementation at Nakumatt Holdings Limited sheds information on the process of and obstacles to strategy implementation at the grocery chain. As can be seen from the above, various retailers may use identical techniques with differing degrees of success depending on the specifics of their implementation. Therefore, it follows that no one strategy will be fruitful in every business setting, since the leadership, resources, structure, and culture of a company will all play a role in determining the strategy's ultimate success.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1Introduction

This chapter provides an overview of the results in light of the aims of the research. It also serves to emphasize the study's significance to the previously selected stakeholders. The study's limitations are discussed, and suggestions for further investigation are offered.

5.2 Summary of findings

Research shows that Naivas Holdings has strategically positioned itself to be at the top of the retail industry. Strategic decisions were found to be an integral part of retailers' operations, with customer focus, service differentiation, employee training and development, technology use, branding and brand positioning, sound customer service, and vertical integration all contributing to the sector leader's success. The study also found that the retailer's competitive advantage comes from its focus on customers, investment in its employees, strategic placement within shopping centers, use of a departmental stall model, strategy for expanding into new locations, adoption of new technologies, emphasis on brand awareness and marketing, and use of an in-house management. The research confirmed that the store had strategically used these tactics to gain an advantage.

According to the results of the study, Naivas has differentiated itself from the competition by adopting Porter's competitive advantage model by focusing on the working-class consumer, providing premium products, services, and experiences, and pricing them at a level that is consistent with world-class service. According to the research, the Mukuha family and other institutional investors who owns the majority share in Naivas, has provided the company with a wealth of knowledge, in addition to enthusiastic leadership and passion that have been among its most valuable competitive assets.

5.3 Conclusion

The study's findings highlight the importance of strategy in successfully competing in the retail industry. Naivas has built a competitive advantage through the use of internal resources, as suggested by models of competitive advantage. These resources include the retailer's owners' and managers' enthusiasm for retail, as well as the owners' and managers' extensive experience in the industry, downstream integration dynamic growth, technological leverage, joint ventures, innovation, and a constant learning culture. However, the store has differentiated itself from the competition by using the differentiation strategy from Porter's concept of competitive advantage.

Researchers found that Naivas's success in both expanding its business and differentiating itself from the competition was due in large part to the company's focus on its customers through the creation of a customer-centric organization, the provision of superior products and services, the promotion of employee welfare and development, the utilization of technology, the establishment of a distinctive brand identity, the selection of a favored physical location, the implementation of effective supply chain management, the formation of strategic partnerships, and the introduction of novel ideas. Naivas supermarket sustains this competitive advantage by encouraging innovative ideas that focuses on customers, investment in its employees, strategic mall placement, a departmental stall model, a branch expansion strategy that takes advantage of technology, a well-defined brand identity, and a centralized quality control and management system.

5.4 Implications of the Study

Retail businesses rely heavily on competitive strategy to expand their operations and get an edge over rivals. Therefore, it is essential to the continued success and expansion of the business and the brand to focus on creating a customer Centre, providing exceptional goods and services, speculating in the well-being and betterment of employees, capitalizing on technology, strategically positioning the brand, locating the business, managing the supply chain, forming strategic partnerships, and being creative. The way in which these techniques are implemented makes a world of a difference in determining who has an edge over whom in the marketplace.

The retail industry is also important to Kenya's economic growth and development on both a local and macro scale. The government has an interest in seeing this industry flourish. Policymakers may use the information gleaned from this research to help this industry thrive. Tax breaks for industry participants and official recognition of stores like Naivas as national brands would go a long way toward fostering economic expansion, which would result in more jobs, higher value-added and manufactured goods produced throughout the labour intensive process, and more tax gain for the authority. Additionally, the authority has to prioritize the promotion of the family-business model as a crucial paradigm for fostering wealth development in this nation. Because of this, the results of this research are important to the government. The research demonstrates the importance of strategy in Naivas's development and competitive advantage in the eyes of the company's management. For managers, it's crucial to understand how competitive techniques like this may be redesigned indefinitely to increase profits. The data suggests that the aforementioned practices are not limited to the retail industry. In order to expand and remain competitive, these strategies may be used by any company. Results may be applied to other situations outside the one in the case study and the retail industry. The findings of the study provide light on the relationship between competitive strategy and competitive advantage, which is useful for supermarket practitioners, policy makers as well as academicians and researchers.

The supermarket practitioners and the management utilize the findings of this study to come up with critical and idea business decisions that assist them in day to day running of retail businesses. For instance, the study findings helps the practitioners in developing calculated plans and strategies that propels them to be at the competitive edge over their competitors as well as increasing their market shares. The policy makers in trade and industry especially in the ministry of trade and transport use the information gathered from this study in coming up with suitable and favorable policies that would help in providing conducive environment for healthy competition among the businesses in retail industry. The researchers and academicians use the study findings as source of literature materials or reference when filling the knowledge gaps left by the present study.

5.5 Limitation of the study

Due to the nature of Naivas as a family firm, the CEO and other top management participating in this research had to tread carefully when disclosing company information. The researcher relied on secondary sources since respondents were uncooperative in providing information about financial trends. It's possible that the information provided is biased. The results would have been more reliable if they had been double-checked with other members of staff, suppliers, and maybe even customers, but unfortunately, there wasn't enough time or resources to do so. Because this research aimed to uncover the retailer's competitive tactics and the extent to which they had helped it gain an edge in the marketplace, it inevitably included inquiries into the business's inner workings and, by extension, discussions of possible trade secrets. Due to time constraints, some of the interviewee's nuanced questions may have been left unanswered. The researchers attempted to get around this shortcoming by employing persuasive interview tactics and secondary data.

5.6 Suggestions for further research

Naivas's competitive advantage in Kenya was the focus of this case study. Naivas was therefore its sole target. The research suggests doing a nationwide comparison assessment of all the main retailers. The comparison will illuminate how and to what extent the different players have scaled the competitive tactics proposed and addressed in this research.

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APPENDICES

Appendix I: Letter of Introduction to the Respondent

Dear Respondent,

RE: <u>DATA COLLECTION</u>

I am a student pursuing a master degree course in Business Administration (MBA) at the University of Nairobi. To satisfy the degree requirements, I'm conducting a management study titled "Strategies employed by Naivas Supermarket limited to acquire a competitive edge in the Kenyan Market." The information gathered for this study will be kept strictly confidential and used only for academic purposes.

Yours sincerely,

NGANA DENNIS KITUKU

Appendix II: Interview Guide

STRATEGIES OF NAIVAS SUPERMARKET LIMITED TO GAIN COMPETITIVE ADVANTAGE IN KENYA

SECTION I: OVERALL INFORMATION

1. What title do you hold in this firm?
2. What is the duration of your stay in this firm?
3. Describe how Naivas Supermarket carry out its operations?
4. How does Naivas Supermarket ensure it's a lead supermarket in Kenya?
5. Comment on retail scope in Kenya
6. Describe how strategies for this firm are designed? And the participants in formulation process?
7. How has competitive strategies made Naivas Supermarket be competitive among its competitors?
8. How are the strategies reviewed and what is the frequently for reviewing?
9. What are the key concerns when coming up with the strategies?

STRATEGIES

PARTNERSHIPS STRATEGY

1. What are the main partners that this firm has engaged in?
2. In what ways have the partnership strategy helped the supermarket?
3. What factors are considered when selecting the partnerships for the supermarket?
4. How have these partners been incorporated in the plans?

TECHNOLOGY LEVERAGE

1. What strategic technology plans has the Supermarket ventured in?
2. What influence their decisions or choices?
3. What advantages has the firm acquired from these ventures (supplier relations, decision making, customer service, performance monitoring)
4. What are the determinants for choosing a particular technology to invest in?

TRAINING AND DEVELOPMENT

1. How do you plan your staff training?
2. What is your frequency of training your staffs and mostly in what areas? and what categories of staff members?
3. Describe how staff training has contributed to the company's growth?

4. How has the company gained from the training strategy?
5. How do you distribute resources for training?
6. What are some of the challenges that you have faced when carrying out staff training?

HUMAN RESOURCE

1. What strategies do you adopt when sourcing for the employees?
2. Do your workers have clear cut on what is expected of them? and how are the expectations measured?
3. What main qualities do you go for when sourcing for the workers?
4. What vital skills do you go for when recruiting?
5. How has recruiting process influenced the growth of the firm?
6. What motivation and incentive plans do you organise for your employees?

BRANDING AND BRAND POSITIONING

1. Describe the branding strategy that the supermarket use for brand positioning?
2. How has branding strategy and brand positioning added to the expansion of the company?

BRANCH NETWORKING STRATEGY

1. What strategy is used by the supermarket when working on the branch network in the area?
2. How has branch network strategy resulted into growth and expansion of the supermarket?
3. What strategic concerns defines new markets?

GOOD CUSTOMER SERVICES

1. Describe the customer service strategy of the supermarket?
2. What factors informs the choices of these plans?
3. Describe how these plans have helped in growing of the business?

VERTICLE INTERGRATION

1. Describe how the Supermarket apply vertical integration to expand?
2. What concerns do the supermarket consider when using vertical integration as a growth strategy?