**EFFECTS OF COMPETITIVE STRATEGIES ON PERFORMANCE OF SUPERMARKET IN NYAHURURU TOWN, KENYA**

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**DEDICATION**

The Research Proposal is Dedicated to Our very Cherished Laikipia University which has been a very great avenue for Academic Growth and Nourishment, through Laikipia University we are assured of success and breakthrough. May God bless Laikipia Campus. Special Acknowledgement to our overseers Professor Onyuma and Professor Mwaura for their dedicated support to our work, May The LORD bless you our mentors.

**DECLARATION**

WE, the Undersigned, indeed declare that this is our Original work with no theft, and it has been created without submission to any other Individual, campus, Work environment or any other Institution, Only In Laikipia University Business class.

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**OPERATIONAL DEFINITION OF TERMS**

Customer focus is a business approach that prioritizes the needs and wants of customers.

Sales promotion is a short-term incentive to encourage customers to buy a product or service

Loyalty program is a marketing strategy that rewards customers for their continued business

Customer service is the advice and assistance provided by the company to its customers before, during and after the sale of a product or service

Competition is the rivalry between businesses or individuals to attract the same customers or market share.

**ABSTRACT**

This is a study which seeks to establish the effects of competitive strategies on performance of Supermarkets in Nyahururu town, Kenya. Competitive strategies are paramount towards being successful and above other competing groups or companies. In Nyahururu town, many profit making organisations are there, banks, saccos, retail shops and Supermarkets, each aiming to make profit and excel. In our study, our main focus lies in Nyahururu Town Supermarkets, which are a growing sector of economy around Nyahururu. Many strategies to compete and rise above the other market sectors have been put in place in many businesses, including supermarkets. The research will thus examine these competitive strategies ,whether they are applied in these Supermarkets and their impact on performance across the Nyahururu Town Region. Through assessing various strategies in some Supermarkets, the study seeks to evaluate whether some of these competitive strategies are used by the Supermarkets, and whether they are impactful to the Supermarkets themselves, making the Supermarkets competitive.

In many businesses countrywide, several strategies are used, all from research, which enable the business sectors to be competitive. This competition strategies may bring both positive and negative results to the business, and its our main objective to find out the effects of competitive strategies put in place by supermarkets in Nyahururu town, both on The Supermarkets themselves and the surrounding businesses and households

Research design in the study will mainly involve actual visit to the various Supermarkets to gain information concerning the Competitive strategies in Various Supermarkets around Nyahururu Town. Short moments conversations with the Workers and maybe the staff will help us develop significant finding about these and any other competitive strategies used by the Supermarkets in Nyahururu Town and how they impact their performance in the region. Also, Descriptive research design is used to collect data, that is use of questionnaires Thus through this, it may also help us know any challenges faced by the Supermarkets, and some recommendations for any Supermarket we may find in dire situations.

**CHAPTER ONE**

**Introduction**

This is a Chapter that deals with the main issues concerning the Study, where we explain the background of the Study and explain the main issues concerning the competitive strategies affecting major Supermarkets around Nyahururu Town. The objectives, Hypothesis,justification and scope of the Study are stated to ensure the chapter is well analysed.

Strategies are always important for businesses and organisations. They define the scope of Organisational activities, define the firm’s competency and help a firm, or in this case Supermarket, toestablish a competitive advantage ahead of their rivals (Volberda, Morgan, Reinmoeller & Hitt, 2021) In the present day market is changing rapidly (Picon &Wigand, 2018) and thus strategies becoming more important for organisations, even companies. Fierce competition is now evident among nations, and this is thus resulted into Many Competitive strategies that Businesses can chooce to work with to boost their economy.

Unfortunately, even according to researchers such as Govindarajan, 2020, Some Organisations such as Supermarkets in Kenya, do not recognize these competitive strategies that would impact their performance most effectively. With this in Mind, this research has the objective of establishing how competitive strategies affect Supermarkets Performance in Kenya.

**Background of the study**

The research is one done based on a theory by Michael Porter (1985), on competitive advantage. As the Author of Competitive advantage in 1985, he stated that competitive advantage is developed by an organization having the ability to create value for its customerswithout exceeding cost of providing the same value. This is thus applicable in Supermarkets, where competition occurs too.

Supermarkets play a critical role in the retail sector contributing to employment, consumer access to goods and local economic development. In Nyahururu town, a mix of local supermarkets compete for significant customer base. As competition intensifies, it becomes essential that supermarkets adopt effective competitive strategies to maintain profitability, customer loyalty and market share. Various competitive strategies such as customer focus, loyalty program, sales promotion and customer service could significantly influence a supermarket’s operational performance.

This study aims to investigate how the competitive strategies impact the performance of supermarkets in Nyahururu. The number of supermarkets in Nyahururu may cause competitive strategies to be applied and this is an important theme to investigate,on whether their application affects the performance of these supermarkets

The growing rivalry in the retail sector in Nyahururu Town has presented a major challenge. The competition has resulted from the need for higher sales turnover and consumer satisfaction. This has however been a challenge to Supermarkets whose performance have been steadily declining, some supermarkets in Nyahururu town being forced to close due to serious mismanagement, bad financing decisions, problems with tax complianceand considerable losses (Beth& Aroga, 2023)

Thus, the current study aims to determine how competitive strategies can be used to eliminate inefficiencies in Nyahururu town Supermarkets and how this will impact the performance of supermarkets in Nyahururu as a whole. The Porter’s five Forces model theory guides this study , and it expresses that all the five forces are equally essential for all Supermarkets,(Makadok et al, 2018). Because the power varies from Supermarket to Supermarket, and changes over time.

The competitive strategy of supermarkets represent its enduring vocal point over an extended period and direction that allows it to gain an advantage in a dynamic setting by organizing its resources and skills with the result in mind of satisfying its stakeholders (Ferreina et al, 2020). The purpose of the strategy formulation is to connect the Supermarkets with its surrounding as a lesson adopting competitive strategy involves standing out from the crowd and choosing to carry out tasks in a distinct way from those of rivals or in a different way altogether, all according to Harsch and Festing, 2020. Additionally a Supermarket’s competitive strategy encompasses everything it does to attract customers and Strengthen its Market position

Supermarkets can improve their performance by analyzing the competitive factors of their industry and designing strategies to counteract them. Supermarkets in Nyahururu’s ability to negotiate favourable terms with its suppliers and reduce its cause depends on its knowledge of negotiating position of those Supermarkets in Nyahururu town.The Supermarkets in Nyahururu town can thus focus on product differentiation and building strong brand by identifying potential substitutes. It can also develop strategies to gain market share by accessing the intensity of rivalry such as sales promotion, customer focus, loyalty program and good customer service

The Porters Five Model provides a useful framework for understanding the competitive environment and identifying opportunities for performance improvement. It proves to be an invaluable instrument in Supermarkets seeking to enhance their performance by analysingthe competitive forces within their market by examining the Porter’s Five forces modelkey factors, Through this Supermarkets can gain insight into the competitive dynamics and develop statistics to gain a competitive advantage. The model can help Supermarkets in Nyahururu Town to improve their market position, Profitability and Long-term Success

Behavioral Performance measures pay attention to how and when the business can utilize its resources to accomplish its objectives that include Customer focus and Sales promotion. These Performance measures can be used to promote the the effectiveness and transparency of the Supermarket in The whole of Nyahururu Town. The Supermarkets’ success can be accessed Holistically by the Sustainable balance scorecard that provides directors with a brief assessment of the Supermarket ‘s financial performance. A financial perspective gives the Supermarkets’ Financial performance by looking at the cost sales revenue and profits. The customer perspective assesses business performance from the customer viewpoint by examining customer satisfaction and retention rates. This study uses balances scorecard to determine supermarkets performances because it enables supermarkets to measure performance from financial and non-financial perspectives

**Statement of The Problem**

In our study, the main emphasis or problem is to examine competitive strategies put in place across Supermarkets in Nyahururu Town Supermarkets, and whether they have effects on the performance of Supermarkets across Nyahururu. The study is aimed to review all the competitive strategies in relation to how The Supermarkets are performing currently and thus know to what extent the Competitive strategies impact Supermarkets here, the challenges faced in relation to the strategies and also solutions recommended for this problem.

**OBJECTIVES OF THE STUDY**

Objectives of the Study shall thus include:

1. To examine the effect of Customers focus on performance of Supermarkets across Nyahururu Town.
2. To examine the effect of Loyalty Program on Performance of Supermarket in Nyahururu Town
3. To examine the effect of Sales Promotion on Performance of Supermarkets in Nyahururu Town Kenya.

**RESEARCH QUESTIONS**

Under these objectives, some of the study questions will include:

1. To what extent does customer focus affect performance of Supermarkets in Nyahururu Town, Kenya?
2. To what extent does loyalty program affect the performance of Supermarkets in Nyahururu Town?
3. Also, to what extent does Sales promotion affect promotion and performance of the Supermarkets in Nyahururu Town?

**HYPOTHESIS.**

The hypothesis of the Study is that

1. Customer focus has a positive impact on the performance of Supermarkets in Nyahururu Town.
2. Loyalty program on its part has no significant impact on the performance of Supermarkets across Nyahururu Town.
3. Sales promotion has a positive impact on the performance of Supermarkets in Nyahururu town
4. The respondents in our research would cooperate by giving the required information concerning the study.

**SCOPE OF THE STUDY**

The analysis of the study aims to interview a sample number of employees of some of the Supermarkets all over Nyahururu Town. Its study will be focused on main Supermarkets across the region, such as Jamaa Supermarket, Cleanshelf Supermarket will be of main target to the study. The time scope of the Study will be no less than 12 months, beginning January, 2025. Our research Methodology will mostly be use of Direct approach to the employees and staff who may be willing to share with us concerning the research questions. Their willingness and information will thus form the basis for our study. Also, the Theoretical scope of the study involves exploring theories related to the competitive strategies and organization performance, While Empirical scope involves competitive strategies adopted by other Supermarkets and their effects on performance.

**CHAPTER TWO**

**LITERATURE REVIEW**

**Introduction**

This is a chapter focused on dwelling further in the study and gain more information on whether the competitive strategies put in place by Supermarkets are effective and enable them perform well and gain profit around Nyahururu town. It’s a useful study to gain more information concerning the past business experiences and how they operated, even presenting the conceptual framework and a summary of the literature review.

This Literature review will be guided by two main reviews, Theoretical review and Empirical review…

**Theoretical Review of Literature.**

Theoretical review discusses the main theories that are going to support the study (Turner et al, 2018). Our theory concerning the study is based on several findings from the past business encounters, these past experiences will be an important guidelint to our study. They may include:

**Competitive Advantage theory.**

This is a term referring to the ability of a firm or business in gaining resources and trust for performing levels higher than the other competitors, a theory according to Porter, 1980.

Over the years, due to modern issues relating to superior firms performance in present competitive conditions, this study has been very interesting. Thus, in reference to Nyahururu town Supermarkets, good competitive advantage among supermarkets will result in goods and services of high value for selling, as emphasized by Porter, 1985. Here, National strategies should focus on growth in Supermarkets all through, and even in Nyahururu town.

**Cost Leadership review**

A cost leadership is a technique that permits an undertaking to be a minimal expense making more benefit due to minimal expenditure of activities . Some of the effects of cost leadership that may affect Supermarkets may include:

a} Capacity utilization- This ensures that there is high utilization of capital, thus reducing production costs and also increasing in market demand. Through this, supermarkets in Nyahururu may be able to remain active and competitive in the market.

b) Economies of scale- This is a benefit by most companies that involve declining costs by organisations so as to have to give the venture an upper hand. An examination of scale by Vibert {2016) found that this strategy bring about such benefits as creating more volumes of items which in the end lowers cost of products, and this also places a business at a favourable position as it reduces threat of new entrants, even Supermarkets in Nyahururu town.

c) Outsourcing- Refers to a system through which an organization undertaking business allots a portion of the non-core functions to particular vendors to empower the business( Kamanga and Ismail 2017)Through this endeavor, Supermarkets may gain a chance to grow and empower the business in case of endeavors. An empitical analysis may reveal that in Kenya, many Supermarkets such as aivas have ousourced food conveyance to outside the country to upgrade conveyance to its customers. Indeed, even Jamaa Supermarket can acquire this chance too.

**Empirical Review of Literature.**

Loyalty Program strategies and the supermarket competitiveness

According to Agudo et al (2012), examined the factors that influence the effectiveness of customer loyalty programs cause a change in customers behaviour in retailing services. In particular, they analysed 3 explanatory variables: The quality of service offered tio the customer, His or her trust in tge company , and his or her attitude towards loyalty program. The results obtained indicate theat a change in the buyers behaviour is directly influenced by his or herloyalty to the retailer and by his /her attitude towards loyalty programs.

According to Dorotic et al (2012), reconciled opposing findings by exploring the conditions that mediate and moderate the effect of loyalty programme participationon consumer responses. In the overall they found that loyalty programs were effective in increasing consumer purchase behavior over time, but the impact differs across consumer segment and market. Evanschitzky et al (2012) also investigated the difference between the effect of loyalty program me and company loyalty programme and found that company loyalty influences a customer’s choice to visit a particular provider and to prefer a certain one over its competitors, but its not a strong predictor of purchase behavior. Conversely, programme loyalty as far as the study is concerned is a far more important driver of purchace behavior. This implies that Company loyalty primarily attracts customers to a particular provider and programme loyalty ensures that once inside the store, more money is spent.

Various Supermarkets in Nyahururu Town should thus use Customer loyalty program to engage customers. Using loyalty Programs will be highly effective in increasing customer visits in Nyahururu town Supermarkets and initiate a long term Customer loyalty

2.3.2. Customer service strategy and The supermarket Performance

The Kind of customer service quantity perceived by the customers will honestly influence their satisfaction,as well as their trust in their firm through providing better product than their pre-purchase expectations (Rootman et al, 2011). Quality Service is a process of delivering to satisfy the customer which is about how consistently firm products or service delivered meets or exceeds the external and internal customer expectatios and needs. Effective customer service gives satisfaction to customers and thus increase loyalty (Zafar, 2012).

Many supermarkets adopt customer service giving satisfaction tactics in their businesses by placing attractive displays to customers, who slow down as they walk inside Supermarkets. Others have layout display at their entrance, this allows shoppers to stop, touch, smell and even do the shopping there (Donald, 2011). Various Supermarkets in Nyahururu town should understand and accept customer expectations by utilizing customer feedback surveys, analyzing customer data to identify patterns and trends , and also offer proactive and efficient service by keeping customers informed about product update, promotion and potential issues, thus exceeding customer expectations.

2.3.3. Sales promotion strategy and supermarket performance

Due to the changing business worldand technology, a wide portfolio of the latest products is being innovated and sold into the current market based on customer preferences and wants.As a result of business internal rivalry and competition, for example, Kenya Tea Packetslimited has remained afloat to promote their products as they fight to remain competitive by introducing innovative ways of engaging and enlightening their customers based on their products. This has been done by applying sales promotion tactics like the winning of Retail Execution strategy (W.A.R)adopted to enhance the consumers purchasing behavior across the country.

Sales promotion is an important determinant to a new and existing product to continue dominating in the market. Based on the seller’s viewpoint, sales promotion is a vital action step to increase the sales profit within a short time. Promotional strategies adopted by the Supermarlets have been an imprortant tool that aids the organisations and supermarkets to attain the overall sales targets and increases profitability in the enterprises. Lin (2013) asserts that sales and general promotion are different marketing procedures that play different roles in the market place, general promotion is aimed at communicating and improving the relationship between the product brand/service, and consumer.

According to Kotler K and Manceaud sales promotion is a package of en policies generally shortterm conceptualized to arise faster and more. Acquisition of a particular product or service is by the consumers.

2.3.3. Customer buying behavior and supermarkets performance

Cusomer buying behavior is the choosing, purchasing and use of goods and services to fulfill one’s wants (Mohammed 2015). A variety of reasons make customer behavior more difficult. Many aspects, elements and features influence the identity of the person and the customer’s process of decision making, buying habits and behavior, brands that he buys and businesses that he visits. Each of these aspects affects a choice for a purchase. The customer begins by trying to figure out what type of goods he wants to consume and then chooses just those goods which give more usefulness. This customer determines the amount of money available after selecting the product, Finally the customer evaluates the present price of the product and examines the goods to be consumed. Meanwhile, customer purchases affects a number of other elements such as Social, Cultural, economic, personal and Psychological ones, all according to Greston, 2000.

**RELATIONSHIP BETWEEN COST LEADERSHIP AND ORGANISATION PERFORMANCE.**

For effective performance of an organization, cost leadership strategies must have a market advantage in Jamaa Supermarket as compared to other Supermarkets.Thruhj access to raw materials,labour or some important inputs, this would be very possible.The avenues for achieving a cost advantage include

a)Out-manage of rivals, mainly through economies of scale,learning new curve effects and sharing opportunities with others within the enterprise,

b) Greater use of technology, thus growing the value of the company

**CHAPTER OVERVIEW**

Through the study of Jamaa Supermarket, it was possible to view that the competitive strategies though firm and good, needed some analysis, mostly in competitive advantage theory. Competition by other Organisations seemed stiff, thus In the next chapter, our main focus was to set research methods to find out the cause of high competition among Jamaa Supermarket in Nyahururu and whether the set objectives need to be altered or strengthened.

**CONCEPTUAL FRAMEWORK**

**Loyalty program.**

1. Ensuring honesty in goods to all customers
2. Quick delivery of goods
3. Total commitment to please customers

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**Customer Focus**

1. Putting Customer need first.
2. Being engaging with the customers
3. Ensuring customer

satisfaction in the supermarket.

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**Sales Promotion.**

1. 1. Advertisements of good, affordable products across Social media
2. Buy one get one free
3. Selling goods at discount
4. The ‘buy one get one free’ method.
5. Selling goods at discount

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**CHAPTER THREE**

**Introduction.**

This chapter sets out the research Methodology that will be adopted to meet the objectives of the study that includes Research design, Population data collection and Data analysis, which will all be discussed..

**RESEARCH DESIGN.**

Research refers to a systematic approach that a researcher uses to conduct a scientific study.

In 2015, Rusell thus defines descriptive research design as a data collection procedure that gives a clear explanation of the existing nature of phenomenon being investigated. This study will adopt a descriptive research design because the design enables us as researchers to observe and analyse the data collected first hand. The study seeks to answer the questions :

To what extent does customer focus affect the performance of Supermarkets in Nyahururu town?

To what extent does loyalty program affect performance of Supermarkets In Nyahururu Town? Also:

To what extent does Sales presentation affect performance of Supermarkets in Nyahururu Town, Laikipia County?

**TARGET POPULATION**

A target populationis the total group of items or even entities that have similar attributes that can be used by the researcher to make generalization of the research results. This mainly enables us to run the study well and know more about the running of Supermarkets, the current state it is in and how Competition has affected its performance throughout. In this study, our target population would be both staff and management of the sample Supermarkets in Nyahururu Town, Jamaa Supermarket, Cleanshelf Supermarket

**SAMPLING PROCEDURE AND SAMPLE SIZE**

**SAMPLING PROCEDURE.**

Sampling procedure can be described as a blueprint that helps in determining the sample size for a given study (Derrick 2018). The sampling procedure to be used in studies will enable us to collect information concerning the enterprise under study. The study used stratified sampling to select respondents based on their job position.

**SAMPLING TECHNIQUE**

A sample is defined as a group of people, objects or items that are taken from a larger population to participate in the study (Bethwell, 2017). Applying sampling to select respondents to participate in the study the following categories of participants are to be selected:

Cashiers, employees of the Supermarkets, Security Officers, some customers and some public individuals around the Supermarket. Residents around the Supermarket would also play an important role in our study, e.g people who live around the supermarket.

**SAMPLE SIZE**

Sample Size is the number of units or persons that one choses from which data will be gathered. The Sample size would help us engage well with them and make a successful study of the Supermarkets, not just concentrating on the workers thereof but also the public and people who work around the Supermarkets

In our study, a sample of 50 individuals will be chosen for the study and information gained from them concerning the Supermarkets collected through engaging questions.

**RESEARCH INSTRUMENTS**

**RELIABILITY AND VALIDITY AS THE TWO RELATED CONCEPTS**

Reliability refers to the degree of consistency in results if the research is conducted again by the same or different observers at different times, while validity refers to the degree to which the research method is selected accurately measures the variables of the study( Sekaran and Bougie, 2016).

Reliability of the research is to be evaluated by not being focused on specific people, like cashiers only. Validity of the research is to be evaluated using content which describes the extent to which the research instrument adequately measures the concepts under study that are expected to be measured (Sekaran and Bougie, 2016)

**DATA COLLECTION PROCEDURE.**

Data collection instruments is a basic to any kind of study. Research instruments can be defined as measurement tools used to collect data in a study (Bhattach er Jee, 2017)

Primary data is useful for the study, as it is the original data that is collected from the field of study or from the respondents.Thus, the data collection will involve asking questions, meeting with the individuals in and around the Supermarket itself and asking simple questions concerning the Supermarket, such as:

1. When the Supermarket began.
2. How the supermarket is running currently according to them.
3. Whether in their opinion they find the Supermarket meeting to their expectations or not.
4. Whether they can evaluate the performance of the employees, cashiers, management and staff in the Supermarkets

**DATA ANALYSIS.**

The process of data analysis involves packaging of the collected data and arranging them appropriately so as to structure their major elements in a manner that the obtained outcomes can be efficiently communicated. (Bhattach er JEE, 2017)

The primary data collected by questioning the members will be analysed so as to enable us know whether the competitive strategies are affecting the performance of he supermarkets in Nyahururu Town, and whether the strategies bring about profit to the companies.