BUSINESS LEVEL STRATEGIES AND PERFORMANCE OF SELECTED SUPERMARKETS IN NAIROBI CITY COUNTY, KENYA

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DECLARATION

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

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DEDICATION

This project has been dedicated to my parents, my son Vibin and my spouse Dr. Ogutu for their continuous encouragement, and advice. To my dear siblings, I greatly appreciate your support.

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I appreciate God almighty for this positive milestone. I also thank my supervisor Dr. Evans Mwasiaji for the reassurance, insights and empowerment. Similarly, I appreciate my friends for being a strong pillar of strength.

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ABBREVIATION AND ACRONYMS

AMOS	Analysis of Moment Structures
KMO	Kaiser–Meyer–Olkin
KNBS	Kenya National Bureau of Statistics
M&As	Mergers and Acquisitions
NACOSTI	National Commission for Science, Technology and Innovation
RBV	Resource based view
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences

OPERATIONAL DEFINITION OF TERMS

Business level strategy It's the medium which determines the firm's long-term direction and accessibility to essential resources to meet markets and stakeholder's needs. It comprises of cost leadership, differentiation and focus strategy.

Cost leadership It's a firm's action to be the lowest industry cost producer or seller given the same profit potential.

Differentiation It involves a firm selling or producing inimitable services or products.

Focus strategy It entails a firm efficiently targeting a precise customer or market niche.

Performance It refers to goal accomplishment using the following standard measures: financial performance (return on equity or profit), market performance (annual sales or firm's market share) and meeting shareholders needs by enhancing economic value.

Supermarket Self-serving shop and retail format occupying 150m^2 floor space having above 20 staff and exhibiting at least of six points of sale.

ABSTRACT

Commercial entities operating in a globalized and competitive business environment must adopt a market posture that allows them to effectively use their strengths, resources and innovations to take advantage of available opportunities in line with organizational objectives, while simultaneously hedging against potential threats. The chosen market posturing is made possible through effective implementation of appropriate strategies at the corporate, business, functional and operational levels. In Kenya, ten supermarkets in the retail trade sector within the last decade have had to close their business leading to job losses and negative impact on the national economy. This study anchored on dynamic capability theory, therefore sought to examine business level strategies and their effect on the performance of selected supermarkets in Nairobi City County in Kenya. Descriptive research design was adopted for this study. The unit of analysis was nine supermarkets, while the unit of observation selected using census method was sixty three managerial staff including senior executives in the areas of Finance, Human Resources, Marketing, Information Technology, Business Development, Purchasing and Supply Chain Management. A self-administered semi-structured questionnaire was used in collecting both qualitative and quantitative data in line with the specific objectives of the study. SPSS software was used to compute descriptive statistics to depict the characteristics of the study variables through tables and graphs. This study with a 65.07% response rate, established that there is a positive link between the supermarket's performance and the three business level strategies of cost leaderships (β=0.240 and p=0.007); differentiation (β=0.629 and p=0.000) and focus (β=0.212 and p=0.037). Analysis of data showed that higher levels of strategy implementation led to enhanced performance, and vice versa. The position taken by this study therefore is that business level strategies are critical in facilitating the realization of supermarkets' performance in Nairobi City County, Kenya. This study therefore recommends that the Government of Kenya ought to review relevant policies to lower the cost of doing business including improvement in infrastructure, while the supermarket's strategies should target minimization of operational costs, offer lower cost commodities, invest in product innovations, adopt modern technology and undertake market focused research. The expected study output upon successful implementation of the given recommendations is enhanced performance of supermarkets in Nairobi City County. Future studies can be done to cover other supermarkets not handled in this study's scope as well as other geographical areas in other counties to enhance strategy analysis in different areas.

CHAPTER ONE

INTRODUCTION

1.1 Background

Market's competitive edge stands to be determined by a firm's ability to effectively exploit resources they possess while bringing value addition (Grabowska and Otola, 2013). According to Tapera (2016), there are four strategy levels namely business, corporate, functional and operational. Business level strategy involves the process a firm undertakes in setting its business course. It also entails execution of plans which are in line with the objectives of the business owner as well as having the potential to drive maximum investment returns (Ikonya, 2015). It similarly includes strategic options organizations explore including market or product diversification, as well as functional or organizational management (Bell, 2018). Pearce and Robinson (2003) argued that firms should reconsider their business strategies so as to manage the greater competitive environment.

According to Vega (2020) in 2017, the global retail spending was $23 trillion compared to $4.4trillion in 2007 which shows that retail sector has been expanding. Supermarkets are part of the food retail industry. In China, Supermarkets are becoming more and more prevalent. Most of these supermarkets are limited to certain geographical regions. However, most of these supermarkets have been experiencing fierce competition and stagnating sales growth over the last few years. Most of the supermarkets and more so the ones using traditional forms of operations have been faced off. For example, Carrefour sold more than eighty percent of its branches in China in 2019 due to the declining sales (Hlengwa & Zondo, 2020).

In USA, the supermarket industry is dominated by small powerful supermarkets which capture most of the sales. Due to this challenge, competition amongst the supermarkets is fierce and this limits other supermarket from entering the market. The stiff competition has also resulted to most supermarkets offering higher quality products and improving their distribution mechanisms and thus improving their sales (de Waal, van Nierop & Sloot, 2017).

In Germany, supermarkets and discount retailers' revenue increased at a compound annual growth rate of 1.3% between 2018 and 2023, and is anticipated to climb by 2.1% this year to reach €241.6 billion. In 2023, the profit margin is anticipated to be 0.7%. This has however been associated with the supermarket’s intentional investment in generic strategies such cost leadership strategies which has greatly helped them to enhance their performance (Manthei, Sliwka & Vogelsang, 2023).

Large supermarkets in South Africa were traditionally hesitant to enter rural areas as a result of lack of competitive strategies. Small scale retailers adjusted their focus causing them to lose customers to the large supermarkets (Makhitha & Soke, 2021). Due to enhanced technology, Shoprite supermarket in South Africa increased its profits by 20.3% in 2019 compared to 2018 (Das Nair, 2020).

Zimbabwe supermarkets have developed, contributing to availability of food and employing more staff. Despite the challenges in the supermarket industry in the country, the performance of most supermarkets has increased due to adoption of latest technology. (Le-roy et al., 2020).

In Tanzania, supermarket’s growth has been linked to heightened demand for commodities, income growth per capita and middle-class growth (Shayo, 2021). Tanzania’s multinational retailers have been closing businesses while attributing this move to tough economic hardships caused by the Covid-19 pandemic. Closure of supermarkets was also attributed to declining economic conditions in the country. Game Store exited Tanzania's market causing 45 employees to lose their jobs (Malanga, 2022).

According to the KNBS 2022 report, retail and wholesale trade accounted for 7.9% of Kenya's GDP in 2021 supporting the country's economic growth. (Kenya National Bureau of Statistics, 2022). Financial challenges have also been encountered by some supermarkets in Kenya leading to their closure, for example Uchumi, Nakumatt and Tuskys supermarket. Choppies in Botswana acquired Ukwala supermarket which exited Kenya (Ouma, 2018), whereas Shoprite also departed the market after operating for a small duration (Olawoyin, 2020). Uchumi supermarket also closed 31 stores by 2019 in Kenya and declared 253 staff redundant due to declining performance (Gathiru, Khamah & Nyakora, 2019). Uchumi also exited Tanzania and Uganda market (Government of Kenya, 2019) owing Kshs 7.6 billion. Its stocks are the worst performing at the Nairobi Securities Exchange even though it first listed in 1992 (Wambu, 2020). Tuskys debt are more than Kshs 10 billion with the retailer indicating formulation of a new strategic plan and intention to clear all its debts within 15 years (Wasuna, 2022).

Kenyan supermarkets should embark on effective stakeholder management to promote sustainability. This study analyzes the influence of focus, differentiation and cost leadership strategy on selected supermarkets in Kenya's Nairobi City County.

1.1.1 Organization's Performance

Organizational performance correlates with individual performance of the team at the organization level. Achievement of success requires economic efficiency, customers and employee's satisfaction (Horga, 2012). Performance refers to goal accomplishment through successful and efficient resource utilization (Shabbir & Gardezi, 2020). Organization's performance also refers to the standard measure or set efficiency levels, effectiveness, environmental responsibilities' indicators like productivity, cycle time and elimination of waste as well as regulatory conformity (Noum, 2007).

Mahdavian, Mirabi and Haghshenas (2014) argued that organizations are under immense competitive pressure to perform so as to continue operating and retain market relevance. Stokke (2009) highlights the changing competitive environment observed in the retail sector. Mwenda (2020) stipulates the importance of firms in possessing strategies to overcome competition in the environment. Sharma, Luthra, Joshi & Kumar (2021) shared that the retail sector which is characterized by operations in the dynamic environment, has faced disruptions in labor and global supply chain leading them to craft sustainable strategies in response. However, good strategic responses depend on the firm's risk attitude (Pantano, Pizzi, Scarpi & Dennis, 2020). Liu & Atuahene-Gima (2018) indicate that retail chains implement strategies in response to different challenges faced.

As a result of globalization, intense competition has made businesses strive to outperform competition and achieve competitive advantage (Zehir, 2015). There is an interrelation between organization and operational effectiveness as well as indicators of financial performance. Organizational effectiveness is depicted by enhanced financial performance in both the medium and long-term (Richter et al., 2017).

Organization’s performance should be evaluated based on the extent an organization has met the goals it set (Stanleigh, 2015). Performance in organizations is measured at different hierarchy levels and can be can be evaluated at individual level, for groups, and the whole organization (Knies, Jacobsen and Tummers, 2016). It involves measuring the realized outcomes based on set goals and emphasizes the need to measure the right things (Chepchirchir et al., 2018). According to Afonina (2015), firm’s performance encompasses financial aspects (emphasized by the profit and return on equity), market’s performance (shares and sales volume) and total return to shareholders (economic profit).

Financial performance’s representation is based on how a firm meets its financial objectives (Hilal, 2017). Otieno (2015) shared that firm’s performance can be assessed based on; sales and profits; ability to meet customer needs; accomplishing set goals; and endlessly changing based on business adjustments. Wamalwa (2018) indicated that customer satisfaction is based on customer acquisition, loyalty and retention. This research evaluated organization’s performance based on sales volume (Otieno, 2015), market share (Afonina, 2015) and customer satisfaction (Otieno, 2015).

1.1.2 Business Level Strategies

Strategic decision making frequently remains a top management’s responsibility (Richter and Schmidt, 2005). According to Meyer (2009), top management employees outline the firm’s strategic patterns along its capabilities, mental conceptions and experiences. Akoi et al. (2021) argues that strategies have developed to being a very significant managerial tool.

A good business strategy analyzes the global business and competition. Organization’s strategy is implemented by the senior management officers in an organization (Bryson, 2018). Thompson et al. (2018), stipulated that any firm's strategy should mainly advance its financial performance, reinforce its competitive position and surpass its rivals.

Business level strategy stipulates the medium which determines the firm's long-term direction as well as accessibility to essential resources to meet markets and stakeholder's needs (Bailey, 2018). Business level strategy evaluates the competitive market by assessing the competitors in the market so as to meet customer needs in the best way possible (Auzair, 2015) and maximize customer's value creation (Priem et al., 2018).

Organization's weaknesses and strengths may be different from its rivals (Anwar & Climis, 2017), however, it can achieve either one of the two forms of competitive advantage, that is either differentiation or low-cost (Anwar & Ghafoor, 2017) as it's impossible to attain both (Anwar & Surarchith, 2015). Hameed and Anwar (2018) also indicate that each generic strategy encompasses a different route to competitive advantage.

Anwar and Louis (2017) contend that competitive strategies coupled with an action to execute the strategies, result in three strategies to outshine competitors, which are focus, cost-leadership and differentiation. Hamza et al. (2021) shared that a cost leadership strategy empowers organizations to produce commodities at the lowest cost or seller given similar profit potential. Ismael et al. (2021) shared that differentiation strategy involves a firm selling or producing inimitable services or products. Jamal et al. (2021) shared that focus strategy enables firm's to capably target a precise buyer or market niche. The current study focused on the three business level strategies and their link to supermarket's performance.

1.1.3 Supermarkets in Kenya

Supermarkets comprise a large portion of Kenya's retail sector. Kenya's retail and wholesale sector grew in the first quarter of 2022 by 8.7% (Kamer, 2022). Kenya's 2021 economic growth was as a result of improved performance in key sectors including wholesale and retail which accounted for 7.9% of GDP in 2021 (Knight Frank, 2022). According to the 2022 Economic Survey, Kenya's economic growth in 2021 was 7.5% in comparison to a 0.3% contraction in 2020. This was as a result of sector recovery including retail and wholesale trade (Kenya National Bureau of Statistics, 2022).

The Kenya retail sector recorded significant growth in 2022 due to expansion by local and international retailers (Cytonn, 2022). Carrefour Kenya opened its first branch in Nairobi City Centre and currently operates 19 stores countrywide (Food Business Africa, 2022) while Quickmart currently operates 14 branches for 24 hours (Gatuma, 2022). Naivas is currently the biggest retailer based on 91 operating branches in Kenya (Business Today, 2022). Other supermarkets in Kenya include Society Stores, Chandarana Foodplus, Mathais, Magunas, Eastmatt, Cleanshelf, Mulleys, Khetia's and Choppies (Abuyeka, 2022).

A supermarket is characterized by a set-up having self-service shop and a retail format offering a wide range of branded food serving fresh products. It's smaller than a hypermarket but bigger in contrast to a traditional grocery store. (Kamath, 2016; Petersen, 2018). Janda et al. (2022) expounded that such shopping areas occupy a minimum floor space of about $150m^2$ or 11,625 square feet. According to Oduor (2019), a large-size supermarket comprises of more than 20 staff and exhibits minimum of six selling points.

1.2 Problem Statement

Mutinda and Mwasiaji (2018) shared that the number of retail stores which collapse within the initial years of operating are about 50%. Karimi and Waruguru (2018) argue that Kenyan supermarkets function in a highly competitive and turbulent sector. Supermarkets encounter poor management, inventory logistics, supply chain challenges and fierce rivalry from international and local retailers (Abbas, 2021) leading to job losses within the supermarket value chain impacting the Kenyan economy negatively (Mwakio & Awuor, 2018). As a result of many factors including the economic challenges within the context of climate change, several supermarkets in the retail trade sector have within the last decade had to close their business leading to job losses and negative impact on the national economy (Business Today, 2022).

For instance within the last decade in the retail trade industry in Kenya, ten (10) hitherto giant and renowned retail operators collapsed, while at the same time quick emergence of new operators to fill in the perceived void left in the market. For instance Uchumi supermarkets collapsed despite seemingly serious government intervention in an attempt to revive its operations (Business Watch, 2022; Mutinda & Mwasiaji, 2018), followed shortly thereafter by Nakumatt supermarkets, then Deacons Kenya limited which was the largest and oldest fashion retailer, and later Shoprite and Tuskys supermarkets (Ogero, 2020; Business Watch, 2022).

Relevant studies that have been undertaken in this area have variously reported that supermarkets within the retail trade industry encounter poor management, ineffective inventory logistics, supply chain challenges and fierce rivalry from international and local retailers (Abbas, 2021) leading business failures and job losses within the supermarket value chain, thus negatively impacting the economy of the country (Machocho & Awuor, 2018; Mutinda & Mwasiaji, 2018).

Formulation and implementation of effective business strategies is therefore critical for any enterprise when seeking to establish sustainable competitive advantage (Auzair, 2015; Porter, 1985) while maximize customer's value (Priem et al., 2018; Njuguna & Waithaka, 2020; Musembi, 2021). This study therefore sought to examine business level strategies of cost leadership, differentiation and focus, in terms of their effect on the performance of selected supermarkets in Nairobi City County in Kenya.

1.3 Objectives of the Study

1.3.1 General Objectives

This study concentrated on evaluating the impact of business level strategies on selected supermarket's performance in Nairobi City County of Kenya.

1.3.2 Specific Objectives

i. To assess the extent that differentiation strategy influences selected supermarkets performance in Kenya's County of Nairobi City.

ii. To investigate the extent that focus strategy impacts selected supermarkets performance in Kenya, County of Nairobi City.

iii. To establish the extent which cost leadership strategy impacts chosen supermarkets performance in the county of Nairobi City in Kenya.

1.4 Research Questions

1. How does the selected supermarket's strategy of differentiation influence performance in Kenya's County of Nairobi City?
2. How does the selected supermarket's strategy of focus affect performance in Kenya's County of Nairobi City?
3. How does the selected supermarket's strategy of cost leadership impact performance in Kenya's County of Nairobi City?

1.5 Significance of the Study

This study is aimed at aiding supermarket owners in understanding the impact of business strategies on supermarket's performance located in Nairobi County. This study is aimed at helping selected supermarkets address difficulties faced in implementing business strategies so as to improve their performance.

The senior management professionals tasked with implementation of business strategies will be able to analyze the impact of their current strategies and determine whether the adopted strategies support the organization to meet its business goals. This will help them make informed strategic decisions which support the organization's sustainability in the long-run. They will further learn how to utilize their strategic resources so as to forge their competitive advantage and enhance profit and market share.

The government will also gain knowledge on performance in the retail sector and how certain policies impact performance of supermarkets. Academicians and scholars will also enhance their knowledge on business strategies and its impact on organization's performance. This study will also pave way for further and future research to be done in this area as well as address existing gaps.

1.6 Scope of the Study

This study explored the influence of business level strategies on performance of specified supermarkets in Kenya in the County of Nairobi. Supermarkets investigated were a total of 9 large supermarkets which made up the research population. The study scope targeted the following supermarkets; Shoprite, Tumaini, Eastmatt, Chandarana Foodplus, Society Stores Quickmatt, Naivas, Uchumi and Choppies. The study was conducted from 2021 to 2022.

1.7 Limitations of the Study

Given the competitive nature of the retail sector, supermarket managers were hesitant to disclose the strategies implemented by the supermarket as well as other confidential information which could be used to analyze their performance to avoid being copied by their competitors. The researcher had to share an introduction letter given by the university and a NACOSTI research license assuring the participants that the information gathered was purposefully intended for research and academic use and is private. The questionnaires guaranteed anonymity by excluding their names and this promoted credibility of the collected information.

Given the busy nature of the interviewees in this study who comprise of senior officers in management levels, the researcher had to first seek an appointment with each one of them beforehand as well as leaving the questionnaire and picking it later after the response has been filled. The questionnaire also focused on relevant and precise questions reducing the time taken by respondents to answer during the interview process.

1.8 Organization of the Study

This section introduces this study's context, research questions and study objectives, problem statement, study's scope, study significance as well as study limitations encountered by the researcher when collecting data.

Chapter two analyzed this study's literature review in line with the study area, conceptual framework and the identified research gap statements. This study's third section introduces the study's research method while the fourth section comprised of the data analysis results and their deliberation. The last section ends by highlighting the study's contributive conclusions and notable recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two assessed previous concluded findings on the relationship among business level strategies and supermarkets' performance. The chapter also presented empirical review, literature gaps, and the conceptual framework which this research is grounded on.

2.2 Theoretical Review

The theories underpinning this study were assessed in this chapter. The leading theory in this study was porter's generic strategies model

2.2.1 The Resource Based View

Resources have been described as tangible and intangible assets utilized by firms in selecting and executing strategies (Barney, 2001). Resource Based View defines the features depicted by a firm's resources which drive it to realize sustainable advantage over its competitors (Hameed & Anwar, 2018). RBV also stresses the role played by internal resources and how they impact a firm's strategies and performance (Barney, 1991). Anwar (2017), indicates that in the short-term, firms that achieve competitive advantage and enhance their productivity possess rare and valuable resources.

RBV is one of powerful models of explaining institutional processes and the tactics to enhance competition. The backbone of the theory is on the resources and capabilities enjoyed by organizations that bring about differentiation. The theory has become popular owing to the fact that its focal point is on the organization's internal capabilities (Robinson, 2008).

Abdullah et al. (2017) defined competitive advantage to depict a firm creating and implementing a strategy which contributes to superior performance in comparison to its rivals within a similar market or industry. This leads to the firm providing greater customer value as compared to its rivals. Ali (2021), defined competitive advantage as the capability of recognizing appealing market opportunities and having the essential competencies to exploit those opportunities. Ali (2020), emphasized that competitive advantage is vital for all firms, therefore all firms must explore ways to obtain it.

Several scholars have conferred the usefulness of resources in promoting firm's competitiveness (Makhija, 2003; Pisano et al., 2007; Ireland and Webb, 2006; Zhou and Li, 2010). To sustain competitive advantage, firms should defend its benefits against imitation (McGrath et al. 1995; Miller and Shamsie 1996; Zaheer and Zaheer 1997). Johnson et. al. 2009 argued that strategic capabilities are resources and competencies required to cater to the minimum customers' necessities, lead to competitive advantage and are also hard to copy. Eisenhardt and Jeffrey (2000) contend that sustainability can't be attained in turbulent environments in the absence of continuous innovation.

Thus, RBV implies that a competitive edge that is sustainable happens whenever an organization possesses valuable resources and rivals are unable to obtain, imitate or substitute them. (Barney, 1991). According to Galbreath (2005), firms should be able to investigate how they can enhance their performance through utilization of its external and internal resources. Therefore, structuring the firm's resource portfolio is critical in assisting firms to acquire, collect and utilize resources to forge a competitive advantage and RBV theory helps link these resources to the firm's business strategies so as to improve its performance.

However, the theory has been criticized for lacking significant management contributions in that it does not elucidate on how managers can propagate and acquire valuable resources in the firm (Kraaijenbrink et al, 2009). Scholars also insist that RBV is only applicable to big organizations such as big supermarkets that have a large share in the market and that for firms that are minor their competitive advantage cannot be solely based on their inert resources and hence the theory is not relevant to them (Kraaijenbrink et al, 2009).

RBV is valid in this investigation as it links the unique resource endowments possessed by the organization to its business strategies. Some of these resources comprise of technological, financial, physical, innovation, reputational (brand names), organizational resources and also human capabilities which help the organization to attain a competitive advantage from its unique resources. However, the theory does not show the specific business strategies that will enhance performance and therefore the need for the dynamic capabilities theory to portray how a firm can realize competitive advantage in the market.

2.2.2 Theory of Dynamic Capabilities

The importance of strategic planning is emphasized by dynamic capabilities. Strategic planning articulates the demands of dynamic capabilities through an improved assessment of a firm's external environment, thus enhancing consequent performance (Araújo, Kato, and Del 2022).

Teece and Pisano (1994), proposed the dynamic capabilities theory which involves permitting a firm to design new processes and products in response to shifting market situations. According to

Agarwal and Selen (2013), dynamic capabilities pursue a tradition of evolving over time. According to Galvin, Rice and Liao (2014), dynamic capabilities theory seemed to be an alternate method in resolving some of RBV theory shortcomings by analyzing sustainable competitive advantage and remarkable performance within a changing environment. It encompasses the process of supporting the organization to quickly adjust to the dynamic environment through building, assimilating and redesigning a portfolio of their resources and capabilities (Teece, Pisano & Shuen, 1997).

Dynamic capabilities suggest that organizations may be motivated to pursue mergers and acquisition options so as to acquire capabilities such as coming up with new processes or products or entering into new markets (Dwyer & Kotey, 2016; Helfat et al., 2007; Teece, 2009). Irwin, Gilstrap, Drnevich, and Sunny (2022) in exploring M&As asserted that dynamic capabilities have the possibility of enhancing long-term performance depending on the uncertainty in the environment.

Dynamic capability propels an organization to enhance its competitive advantage (Kuuluvainen, 2012). Compared to resources, capabilities are based on controlling and replacing information through the organization's human capital. Dynamic capabilities entail the identification and transformation needed to create and execute a business model. It is also difficult for competitors to imitate as they are determined by business managers, their routines are based on history as well as the firm's culture (Teece, 2018). They therefore form a steady foundation for competitive advantage which is sustainable (Teece, 2014) and can also be attained through innovation (Yuan et al. 2021). Teece (2020) indicated that a firm's innovation efforts are driven by its strong dynamic capabilities. Augier & Teece (2009) argued that a firm realizes greater profits in the long-run through its dynamic capabilities.

Dynamic capability theory propels organizations to sustain outstanding performance in comparison to its competitors, through analyzing and responding to both external and internal environmental adjustments (Teece, 2007). A firm's dynamic capabilities entail undertaking new or different things and also regularly improving (Anand et al., 2009; Peng et al., 2008). This helps firms to compete effectively by implementing lower commodity costs or product differentiation (Porter, 1980).

Nonetheless, the theory has been found to have limitations due to lack of comprehension of the term dynamic capabilities, complexity in understanding the advantages and character of dynamic capabilities (Bleady,2018). Critics have also cited lack of clarity on how to assess the capabilities and their effects on the performance of firms such as supermarkets (Gremme & Wohlgemuth, 2017).

This theory is important in illustrating this study's variables comprising of differentiation, cost leadership and focus strategy and how firms can execute them to gain sustainable advantage over its competitors. Though the theory has stated the need for differentiation, cost leadership and focus strategy, it does not explain the three generic strategies in details. The theory does also not show the origin of generic strategies and therefore the need for the porter's generic strategies theory.

2.2.3 The Porter's Generic Strategies

Strategy refers to the directional action taken by a firm so as to competitively realize its purpose. Strategies require action through top management decisions as well as huge amount of firm's resources (David, 2011).

Porter indicates that strategies propel firms to realize competitive advantage given these three bases: focus, cost leadership and differentiation (Porter, 1980). The aforementioned bases are referred to as generic strategies (Porter, 1985). Generic strategies are vital in management theories by elaborating firm's behavior towards rivals in a specified industry. Generic strategies refer to the chance to come up with a competitive edge regardless of the industry, type and firm's size (Herbert and Deresky, 1987). Implementation of a successful competitive strategy enables firms to understand its customers and define its industry niche (Porter, 1980).

The strategy of cost leadership emphasizes on lower cost for firm's activities, low-priced and input which is minimal (Sabir et al. 2021), taking advantage of purchasing inputs in large quantities as well as how the process is designed (Saleh et al. 2021). Minimal input entails partaking cheap labor whilst the location of the raw materials and storage becomes closer in terms of accessibility (Talim, et al. 2021).

Some authors have defined two different types of low-cost strategy. The first type represents offering services and products in the market to many customers at the lowermost price. The second type denotes a best-value strategy that gives the best value market price for products or services to an expansive number of customers (Thompson et al. 2018; David 2017; Thomas and Hunger 2012). Firms that continuously implement low-cost strategy do so with a motive of improving their competitive edge and performance (Enida and Kume, 2015). However, a low-cost strategy doesn't provide lasting competitive edge for firms using best-value or low-cost strategies. When pursuing low-cost strategy, firms need to be careful not to implement aggressive price cuts which could lower their profits considerably (David, 2011).

A firm implementing an effective low-cost strategy is characterized by greater efficiency, lower overhead costs, limited perks, high efficiency, budget controls, cost-minimization rewards as well as high employee engagement in cost control (David, 2017).

One of Porter's crucial strategies is differentiation (Reilly, 2002). Ahmed et al. 2021 shared that differentiation involves providing a customer with a valuable commodity through service or product distinctiveness. Akoi et al. (2021) argued that differentiation can be accomplished through distinct features, brand image, use of technology, supply chain, crafting marketing target or message target or through advertising. Through differentiation, a firm seeks to differentiate itself from its rivals based on its product or service quality (Griffin 2005; Islami et al. 2020).

Differentiation strategy is the firm's creation of unrivaled special products and services so as to attain brand customer loyalty (Mohamed and Gichinga 2018) leading to attainment of competitive advantage (Kyengo et al. 2016). David (2019) further indicated that differentiation strategy chooses features perceived by most buyers in the industry to be vital and uniquely caters to those needs to sustain customer loyalty. David (2017) indicated that differentiation doesn't guarantee a competitive edge, particularly when typical products satisfy customer needs or if quick product replication by rivals could happen. David (2011) shared that an effective strategy on differentiation enables organizations to set a higher-than-average price for the differentiation features in their products and achieve customer loyalty, especially if the differentiation features are difficult to be imitated by its rivals.

Thompson et al. (2018), indicates differentiation can be improved through creating product characteristics and performance attributes which attract many buyers; enhancing customer service or increasing extra services offered; getting high quality inputs; investing in research and development activities related to production; implementing innovation and technology advancements; pursue constant quality improvement; intensify marketing efforts, brand promotion and improvement of employee skills, knowledge and expertise.

According to Porter (1985), high customer loyalty is achieved given the uniqueness of the service given or the product. Focus strategy centers on precise targeted customers or market section (Ali & Anwar, 2021), and this strategy may be adapted in case differentiation or cost leadership fails (Ali et al. 2021). Focus strategy assists firms target specific niche in the industry like a group of buyers, a limited section of a specified line of a product, a regional or geographic market, or a focus market having different and unique options (Mohamed & Gichinga, 2018).

According to Islami et al. (2020), a firm's focus strategy involves concentrating on a specified geographical market, line of a product, or specific consumers. Akintokunbo (2018) indicated that focus strategy exploits on market development or penetration to meet the needs of secluded geographic areas. This can be achieved through meeting customer needs given distinct financing, inventory or even handling service problems. Products and services are therefore customized to meet special demands of the customers who are small to medium-sized. David (2019) elaborates that since a firm is concentrating on a limited market, firms implementing a focus strategy tend to possess lesser volumes amounting to lower supplier bargaining power.

Focus strategy has been found to be attractive whenever there is a huge target market which is growing and profitable, whenever the niche is not considered by industry leaders to be critical to the firm’s success or when it is too costly to be implemented (Xhavit et al. 2020).

Different scholars have empirically contended that the suitability of a cost-leadership strategy occurs in an unchanging and probable environment while the differentiation strategy remains appropriate for environments that are undefined and dynamic (Porter, 1980; Kim and Lim, 1988; Marlin et al., 1994; Hambrick, 1983; Miller, 1988;). However, Hesterly and Barney (2014) indicate that a differentiation and low-cost strategy can’t be executed simultaneously since a firm’s requirements for the two strategies are basically contradictory and firms attempting to implement both strategies will fail.

This theory is deemed relevant to the study since it elaborates the three porters’ generic strategies which are being looked at in this study. The theory explains the importance of cost leadership strategy, differentiation strategy and focus strategy in enhancing competitive advantage of the firm which further enhances firm performance. It’s therefore critical for Kenya’s supermarkets to adopt business level strategies so as to enhance their performance.

2.3 Empirical Review

This chapter highlights previous research undertaken in line with the scope of the current study.

2.3.1 Performance and Cost Leadership Strategy

Njuguna and Waithaka (2020) studied the association amongst performance and cost leadership strategy of Nyeri county’s insurance companies. Descriptive research design was adopted. Inferential statistics was used in analysis. This study’s outcome indicated cost leadership strategy positively influenced performance.

Atikiya et. al. (2015), undertook a study on cost leadership’s effect on Kenya’s manufacturing firms. This study espoused explanatory and descriptive research design. Study findings discovered manufacturing firms' performance was significantly impacted by its cost leadership strategy.

Hilman & Kaliappen (2014) did a study on the impact of cost leadership strategy and process innovation on Malaysia hotel industry's performance. Cross sectional research design was adopted. Study findings indicated cost leadership depicted a positive association with organization's performance.

Gorondutse and Gawuna (2017) studied the influence of cost leadership strategy on hotel's performance in Nigeria. Data analysis was undertaken using partial least square, the research setting was cross-sectional and survey designed. Study findings supported a positive association amongst performance and cost leadership strategy in Nigeria hotels.

2.3.2 Performance and Differentiation Strategy

Kairu and Kibe (2022) investigated product differentiation impact on supermarket's performance in Kenya's Nairobi County. Descriptive and inferential statistics were employed during analysis of data. Descriptive research design was implemented. Study findings indicated product differentiation strategy positively and significantly impacted Nairobi supermarkets' performance.

Kitheka and Bett (2019) analyzed how differentiation strategy influenced Safaricom in Kenya's performance. Descriptive statistics analyzed quantitative data. The design of descriptive research was adopted. Study findings depicted a powerful connection amongst differentiation policy and organization's performance.

Musembi (2021) researched on differentiation strategy and taxi firm's performance in Nairobi

County. The research design employed was descriptive in nature. Data analysis involved inferential and descriptive statistics. The findings presented a positive and substantial relationship amongst taxi firm's performance and differentiation strategy.

Musyoka, Arasa and Ombuki (2019) studied how differentiation strategy impacted firm's performance in the Kenya's telecommunication industry. Inferential and descriptive statistics formed the essence of data analysis. Study results positively portrayed an utmost effect on performance of firms in Kenya's telecommunication industry. Positivism and descriptive research were anchored in this study.

Ondere et al. (2016) assessed how sugar industry performance in Western Kenya was impacted by differentiation strategy. Descriptive survey design was implemented during data collection. Both descriptive and inferential statistics analyzed collected data. Study findings stipulated various differentiation strategies impacted sugar industry's performance in Western Kenya in varying degrees.

2.3.3 Performance and Focus Strategy

Demba, Ogal and Muli (2019) did a study on how performance was impacted by differentiation focus strategy in businesses on car rentals located in Kenya's County of Nairobi. The executed study design was cross-sectional descriptive design. Descriptive statistics was used to portray study results. The study conclusion deduced that differentiation focus strategy was accurately inconsequential on its performance.

Njuguna, Muchara and Namada (2019) explored focus strategy-firm structure fit's influence on star-rated hotel's performance in Kenya. Descriptive-correlative research design and positivism research philosophy were utilized in this study. The study conclusion deduced that focus strategy-firm structure fit had a substantial impact on Kenya's star-rated hotels' performance.

Akintokunbo (2018) analyzed an association amongst market focus strategy and organizational performance on Port Harcourt's telecommunication companies. Descriptive statistics was implemented during data analysis. Empirical results portrayed a very positive significant association amongst organization's performance and market focus strategy for companies in Port Harcourt's telecommunication sector. Study findings portrayed a positive and substantial impact amongst market focus strategy and organization's performance.

Chelanga, Rono and Boit (2017) analyzed the focus and differentiation strategies effect on SMEs financial performance. This study adopted explanatory research design. Descriptive and inferential statistics analyzed data. Research findings declared that differentiation and market focus strategy indicated a positive and noteworthy association to financial performance.

2.4 Literature Review and Summary of Research Gaps

Previous studies gaps in research were recognized.

Table 2.1 Empirical Literature Gaps

Researcher	Focus Area	Study Findings	Methodology	Gap	Focus
Njuguna and Waithaka (2020)	Association amongst cost leadership strategy and organizational performance of Nyeri county's insurance	Study's outcome indicated performance was positively impacted by its strategy of cost leadership.	The research design was descriptive in nature.	Presence of a contextual gap given this study focused on Nyeri County while the current study focused on	The current study focused on Nairobi County which is in a different geographical location

	companies.			Nairobi County.	hence presenting different findings.
Atikiya et. al. (2015)	The impact of cost leadership on Kenya's manufacturing firms.	Findings discovered manufacturing firms' performance was significantly impacted by its cost leadership strategy.	Descriptive and explanatory research design.	Theoretical gap is presented as the study only focused on Porter's generic strategies leading to limited knowledge in the study area.	This current study focused on RBV, Theory of Dynamic Capabilities and Porter's Generic Strategies promoting more knowledge in the study area.
Hilman and Kaliappen (2014)	Whether the cost leadership strategy and process innovation influenced Malaysia hotel industry's performance.	Study findings indicated cost leadership has a statistically significant association with organization's performance.	Cross sectional research design.	Cross sectional research design was implemented thereby bringing to light a methodologi cal gap.	Descriptive research design was adopted as it uses both qualitative research and quantitative data to guide decision-making.
Gorondutse and Gawuna (2017)	Impact of cost leadership strategy on hotel's performance in Nigeria.	Study findings supported a significant association between cost leadership strategy and performance.	Cross-sectional and survey designed.	Cross sectional and survey research design was utilized, bringing about a methodologi cal gap.	Adoption of descriptive research design to gather more information which informed decision-making.
Musembi (2021)	Differentiatio n strategy and impact on Nairobi County's taxi	Study conclusion showed presence of a positive and	Descriptive research design.	A theoretical gap exists as the study focused on contingency	The current study focused on Theory of Dynamic

	firm's performance.	substantial relationship amongst firm's performance and differentiation strategy.		theory and Winton's theory limiting knowledge in the study area.	Capabilities, Porter's Generic Strategies Model and RBV enhancing knowledge in the study area.
Kairu and Kibe (2022)	Product differentiation and supermarket's performance in Nairobi County.	Findings indicated product differentiation strategy impacted performance.	Descriptive research design.	A theoretical gap exists as the theory on the competitive advantage by Porter informed the study leading to limited knowledge in the study area.	The theories that guided this study are Porter Generic Strategies Model, RBV and Dynamic Capabilities Theory providing more knowledge in the study area.
Kitheka and Bett (2019)	Influence of differentiation strategy on Safaricom Kenya's performance.	Study findings depicted a powerful connection amongst differentiation policy and organization's performance.	Descriptive research design.	A contextual gap exists with this study focusing on the telecommuni cation industry while the current study focused on the retail industry.	The current study focused on selected supermarkets whose study's scope is different hence presenting different findings.
Musyoka, Arasa and Ombuki (2019)	Impact of firm's differentiation strategy on firm's	Study results portrayed a positive and utmost impact on Kenya's	Descriptive research design.	Presence of a contextual gap as this study focused on	The current study focused on selected supermarkets

	performance in Kenya's telecommunication industry.	firm's performance in the telecommunication industry.		the telecommunications industry while the current study focused on the retail industry.	in Nairobi City which are in the retail industry hence presenting different research findings from the study.
Ondere et al. (2016)	Assessment of how sugar industry performance in Western Kenya was impacted by differentiation strategy.	Study findings stipulated various differentiation strategies impacted sugar industry's performance in Western Kenya in varying degrees.	Descriptive research design.	There exists a contextual gap as the current study emphasis was on sugar industries while the current study focused on selected supermarkets in Nairobi City.	The current study emphasized on selected supermarkets in Nairobi City which are in a different industry from the study, hence presenting different findings.
Demba, Ogal and Muli (2019)	Differentiation focus strategy impact on performance of car rental businesses that have been selected in Kenya's Nairobi County.	The study conclusion deduced that differentiation focus strategy was statistically inconsequential on performance.	Cross-sectional descriptive research design.	Presence of a contextual gap as the study focuses on selected car rental businesses while the current study focused on selected supermarkets.	The current study focused on selected supermarkets in Nairobi City leading to different findings due to the different study scopes.
Njuguna, Muchara and Namada	Focus strategy-firm structure fit's influence on	The study conclusion was that focus strategy-firm	Descriptive-correlative research design.	There exists a contextual gap given the study's focus	The current study focused on selected

(2019)	star-rated hotel's performance in Kenya.	structure fit had a substantial effect on Kenya's star-rated hotels' performance.		on Kenyan hotels while the current study focused on selected supermarkets.	supermarkets in Nairobi City and not hotels in Kenya, hence resulting in different findings given the different study scopes.
Akintokunbo (2018)	Association among the strategy on market focus and organization's performance on Port Harcourt's telecommunication companies.	A very positive significant association amongst organization's performance and market focus strategy.	Cross sectional design.	Presence of a methodological gap since the study focused on cross sectional design.	Descriptive research design was utilized by the current study so as to address the research questions appropriately
Chelanga, Rono & Boit (2017)	The study analyzed differentiation and focus strategies effect on SMEs' financial performance	Differentiation and market focus strategy indicated a positive and noteworthy association to financial performance.	Explanatory research design.	There is a methodological gap in this study's use of explanatory research design.	Descriptive research design was utilized by the current study so as to address the research questions appropriately

2.5 The Conceptual Framework

Gerber et al. (2014) have depicted a conceptual framework as a conjectured illustration highlighting the concept being studied as well as the connection of the various variables. The conceptual framework is an instrument of research geared towards enabling a researcher to gain knowledge and conceptualize the variables under study (Varpio et al., 2020). This study's researcher recognized two different variables in the research model, the dependent variable as well as the independent variables. The conceptual framework depicted the link amongst business level strategies and performance of selected supermarkets.

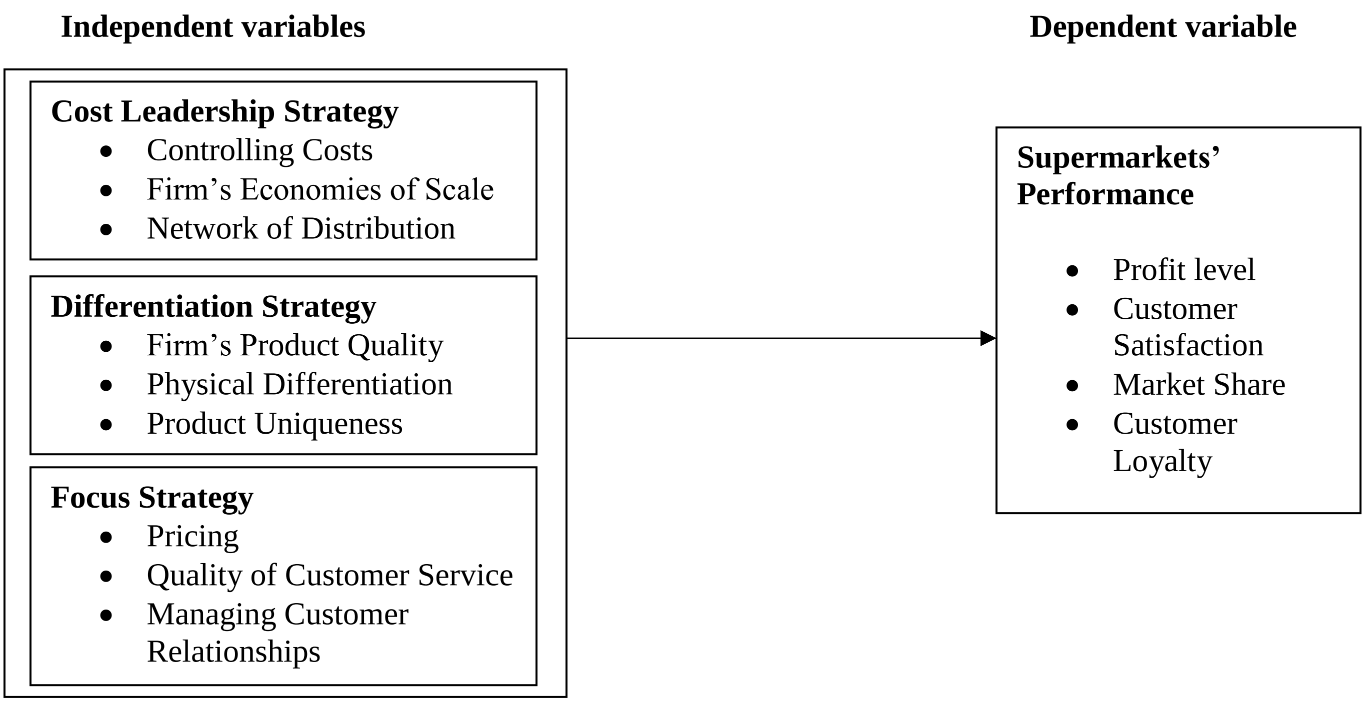

Figure 2.1: Conceptual Framework

Source: Researcher (2023)

Performance is the capability by the organization to accomplish its goals through successful and efficient utilization of resources (Shabbir & Gardezi, 2020). In this study supermarket performance was measured by profit level, customer satisfaction, market share and customer loyalty. Supermarket’s performance stands to be influenced by its implemented business level strategies indicated as: focus, differentiation and cost leadership which make up its independent variables.

Cost leadership entails one of these strategies and entails the capability of the company to design, produce and market products more competently in comparison to its competitors in the market. This strategy becomes successful through investing in production facilities, carefully monitoring operational costs to see which costs can be reduced and finally minimizing costs through experience (Anwar, 2016). In this study cost leadership was measured by controlling costs, firm's economies of scale and network of distribution.

Differentiation refers to offering the customer inimitable and unmatched value through the quality of the product, superior features or after sale services. Differentiation is achieved from the way the products of a company, accompanying services and other actions impact the activities of buyers. Dombrowski et al. (2018) indicated that an effective differentiation strategy ensures product or services features are not easily imitated by competitors. In this study differentiation strategies were measured by firm's product quality, physical differentiation and product uniqueness. Porter (2011) indicated that the focus strategy involves selecting few identified niches target market where the organization's resources was directed to. According to Ali and Anwar (2021) this strategy entails a company selecting a specific segment in the industry and meeting its needs while excluding other segments. Focus strategy was measured by pricing, quality of customer service and managing customer relationships.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part deliberates on the adopted study's methodology during research. It entails its research design, population targeted, the design employed during sampling and its procedure, instruments used in the research data collection as well as data handling and how it was analyzed.

3.2 The Research Design

The study's research design centers on the selected strategy executed to successfully address the research question or hypothesis. According to Ngumi (2013), a research design captures the basic methods adopted in harnessing evidence required in answering the study's research questions or hypothesis. Thus, the foundation of carrying out research is grounded and articulated in the study's research design (Creswell, 2014).

In order to obtain information, the study utilized a research design depicted as being descriptive in nature. This design encompasses the use of qualitative and quantitative statistics and it is suitable where there is already a theoretical back up of what is intended to be studied and the variables are identifiable and measurable. Creswell (2014) affirmed that a descriptive research design is intended to provide descriptions of persons, a phenomenon, or of a given setting. Descriptive designs specifically measure the features defined in a research question. Descriptive research design gives the description of given variables conditions (Cooper & Schindler, 2014). This study guided the adoption descriptive design in describing, collecting information by outlining supermarket's adoption of several business level strategies, in addition to exploring on the linkages between the relationship between supermarkets performance and the employed business level strategies. Sekaran and Bougie (2016) argued that a research design that is descriptive in nature is employed when a researcher seeks to bring out the cause and effects between various phenomenons in a study.

3.3 Target Population

This study concentrated on 9 major supermarkets premised in Nairobi City County, Kenya. This comprised of; Chandarana Food plus, Shoprite, Quickmatt, Eastmatt Supermarket, Society Stores, Tumaini, Naivas, Choppies and Uchumi. The selection and choice of these supermarkets were based on the number of selling points and business location attributed to each of them. The supermarkets had more than six selling points and their headquarters was within the Nairobi City County.

This study's target was the functional managers operating in the chosen supermarkets and comprised of Managers in Finance, Human Resources and Marketing, Managing Director, ICT, Business Development, Purchasing and Supply Chain. These were chosen based on the critical roles they play in the design of business level strategies and the task bestowed on them of ensuring successful strategy implementation. Thus, they are in a better position of providing key insights to the researcher on the various key business level strategies adopted by the various supermarkets. The study had 63 respondents in total.

3.4 Sampling Size and Design

This study's target population was small and therefore, the current study employed census method for the 63 high ranking officials from the selected supermarkets in Nairobi City County.

According to Fowler (2013), there is no necessity of carrying out sampling when the population of the study is very small.

3.5 Data Collection Instruments

This study explored collection of primary data through administration of a semi-structured questionnaire with a scale of five-point Likert-type which was utilized in collecting primary data. Kothari (2004) established that questionnaires were quick in addition to providing a wider scope of perspective in a study. In order to provide adequate and informed analysis, the researcher divided the questionnaire into six distinct sections. The first part included demographics, followed by the background details on the chosen respondents that the organization has. This was followed by part two to five that investigated the business level strategies impact on the organization.

3.6 Data Collection Approach and Procedure

In the quest to increasing the response rate during data collection from chosen supermarkets, the researcher acquired the University's introduction letter as well as a research license from NACOSTI. This study's researcher adopted appointments and the collection method of dropping and picking where study questionnaires were dropped and respondents given time to read and respond respectively. They were then picked upon completion. Further, follow up was made to increase the response rate, this was mainly done through telephone calls and appointments.

3.7 Pilot Study

In ensuring legitimacy and dependability of study's instruments used during research, the researcher undertook a pilot study (Saunders et al., 2009). It's carried out on a small-scale basis mainly on a scale of 10-20% (Ruel et al. 2015). A 10% sample was considered for the piloting in this research, hence a total of six high ranking managers of clean shelf supermarket were sampled to facilitate the study's significance as well as assessing all other aspects of the main study.

This supermarket was chosen due to its size and the number of selling points which were more than the envisioned target of six. However, the researcher did not include it in the main study since it was headquartered in Kiambu County. The supermarket rate of growth is at an accelerated level compared to others. The piloted respondents were omitted in the final tallying to avoid exhaustion and double counting. The researcher ensured that evaluation of the questionnaires was timely done, this encompassed the content and the phrasing of the questions in addition to the form and design, including the categorization and the various levels of concern were addressed for the ease of understanding the questions. The feedback was used to shape and refine the research instrument tool before final administration.

3.7.1 Validity Tests

Goldreich et al., (2019) viewed validity to depict the scale that a research instrument precisely evaluates and measures what it's anticipated to. Tests of validity generally take place in various shapes and forms including construct, content and face validity (Bolarinwa, 2015). The study adopted content validity. Tarakol and Dennich (2011), affirmed that content validity takes an approach of an expert judgment on the representational value of the construct under study. The wording, scoring, and even formatting are also considered during such a review. This was enhanced by consulting the researcher supervisors and other experts' opinion on the topic and other related aspects of the area under study.

3.7.2 Reliability Tests

Jack and Clarke (1998) established that reliability establishes a measure of internal comparison among research instrument variables. The current research's reliability was measured using Cronbach Alpha Coefficient which ranges from 0 to 1. Reliability is reflected by consistent reflection of similarity in study results.

A reliable instrument tends to generate comparable outcomes when the unchanged objectives are repetitively measured by the researcher. According to Sekaran and Bougie, (2013), reliability is a reflection of the overall assessment of the entire elements of a research work which depicts similarly consistent results whenever measurement is repeated. The Cronbach's alpha for the current study was 0.7 and was considered acceptable in this research work.

3.8 Data Collection Procedure, Analysis and Presentation

The process of data analysis depicts a method of gathering quantitative and qualitative data so as to draw meaningful conclusions in a research work (Hair, 2015). This study adopted content analysis in order to meaningful categorize, interpret and analyze quantitative data. Content analysis depicts a research technique that analyzes data based on the specification in terms of context and the meaning attributed to them (Krippendorff, 2009).

Data was collected through questionnaires and analyzed for correctness, cleanliness and coded in order to provide further analysis. This data which was coded was populated in the SPSS for analysis. Larson-Hall (2015) affirmed that SPSS provided ease and precision that the package offers for analysis. The analysis involved descriptive and inferential statistics. The results were presented in form of pie charts, bar graphs and tables. The model shown below reflects the proposed regression analysis model of the study:

$$\mathbf{Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

From the above equation, Y refers to Organization's Performance, X_1 highlights the Cost leadership strategy, X_2 and X_3 refers to firm's differentiation strategy and focus strategy respectively. βo depicts the regression coefficient while $\beta_1, \beta_2, \beta_3$ portray the independent variables coefficients and ε gives the error term.

3.9 Ethical Considerations

In order to enable data collection and produce meaningful and effective research work, there was need to adhere to the rules and regulations which control the conduct of the different parties involved in the research process (Bougie & Sekaran, 2019). Ethics were observed during the whole process of research work. Permissions were granted by the University through an introduction letter. Other authorizations were sourced from the National Council for Science, Technology and Innovation (NACOSTI) beforehand. There was a greater need to assure study respondents of the academic and research purposes of this study, therefore their identities were kept as secret. In addition, there were no monetary rewards to be offered on the exercise.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter presents the data analysis, findings and interpretation. Results are presented in tables, charts and diagrams as well as prose discussions. The analyzed data was arranged under different themes reflecting the research objectives.

4.2 Response Rate

The number of questionnaires that were given to the senior functional managers of chosen Nairobi City County supermarkets in Kenya were 63. Response rate results were outlined in Figure 4.1.

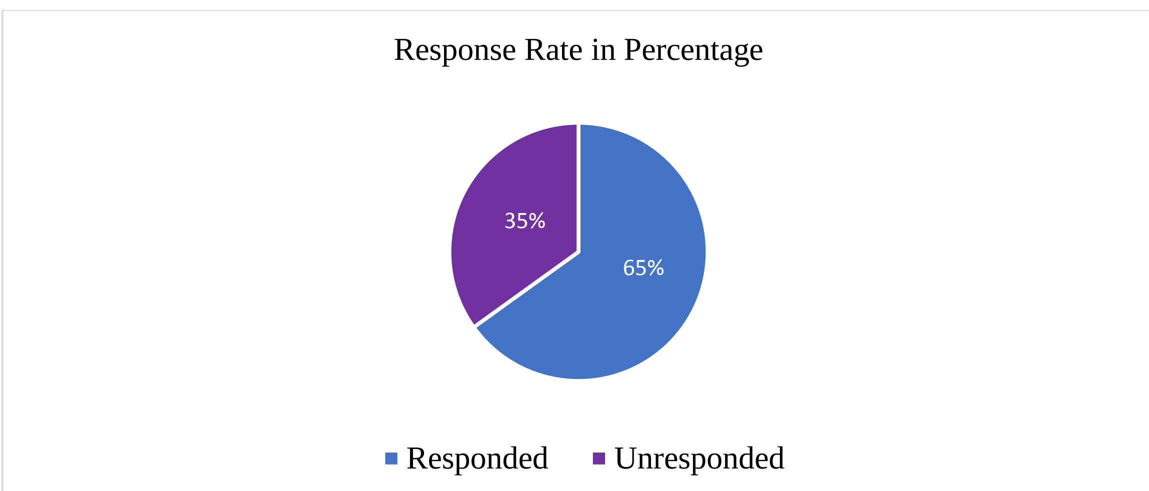

Figure 4.1: Response Rate Results

Source: Researcher, (2023)

Senior functional managers of chosen Nairobi City County supermarkets in Kenya, responded to

41 surveys out of the 63 surveys issued giving a 65.07% response rate. Thornhill (2012), designates that its better when the rate of response is high as it minimizes occurrences of errors when generalizing the population. Woolf and Edwards (2021), indicated that 60 to 70 percent questionnaires response rate is considered good whilst above 70% is considered extremely good. 65.07% response rate was realized in this study and was thought-out to be adequate according to Woolf and Edwards (2021).

4.3 Reliability Tests

Cooper and Schindler (2014) indicate reliability to be the comprehensive consistency of a measure.

The table below depicts the reliability analysis in this study.

Table 4.2: Study's Reliability Evaluation

Study Variables	Items	Cronbach's Alpha	Comments
Cost leadership	5	0.754	Reliable
Differentiation strategy	7	0.834	Reliable
Focus strategy	5	0.787	Reliable
Overall Performance	12	0.898	Reliable

Source: Researcher, (2023)

The level of consistency was calculated using Cronbach's alpha. The Cronbach's alpha overall performance stood highest at 0.878, then cost leadership at 0.754, differentiation was at 0.834 while focus was at 0.787. This reliability coefficient was commonly acceptable because it was higher than 0.7 according to Sekaran & Bougie (2013).

4.4 Demographic Information and Features

The interviewees demographic characteristics comprised of their age, their education level and number of years they had worked.

4.4.1 Interviewees Age in Years

Study respondents shared their age as per Figure 4.2 below.

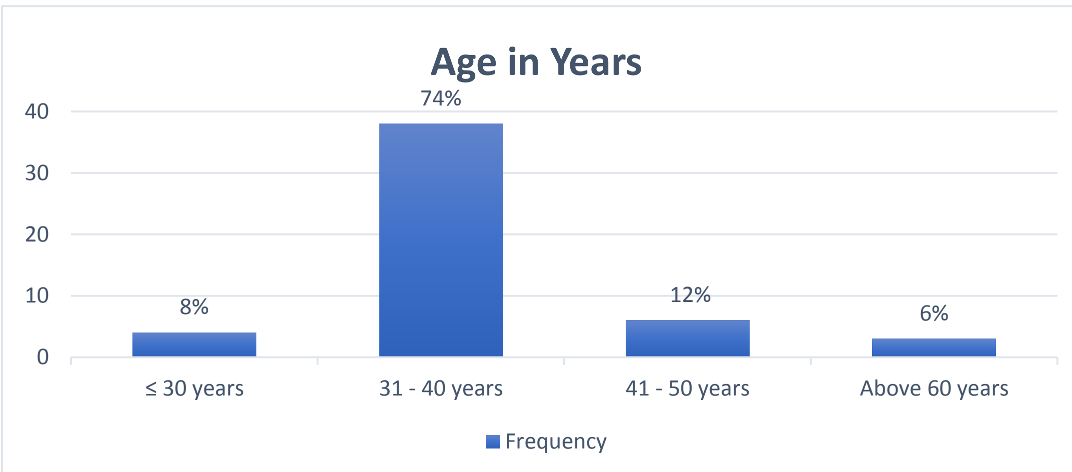

Figure 4.2: Respondent's Age

Source: Researcher, (2023)

Study findings showed respondents age group based on total percentage as per table 4.3 displayed below:

Table 4.3: Study's Age Group Based on Total Percentage

Age Group in Years	Respondents Percentage
31 – 40	74%
41 -50	12%
30 and below	8%
Above 60	6%

Source: Researcher, (2023)

The results depict that most functional managers were aged between 31 to 40 and hence depict the ability to improve performance through embracing innovation and latest technologies.

4.4.2 Level of Education

Kelerman (2009) indicated that the employer's experience in a specific job highlights the information credibility given by the employee.

Study respondent's education levels were highlighted in percentages as displayed in Figure 4.3.

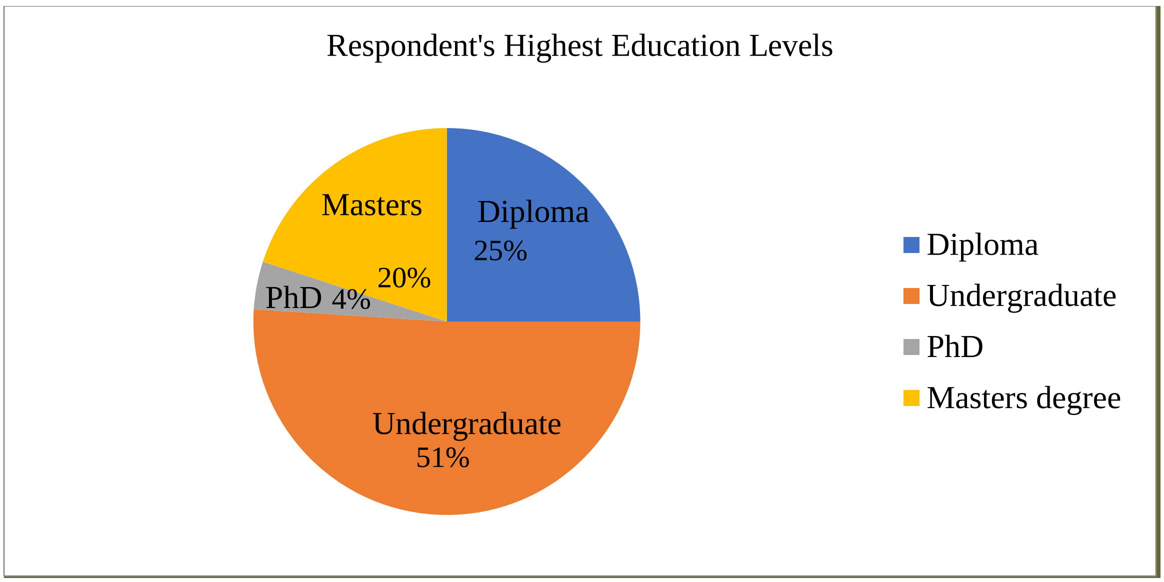

Figure 4.3: Highest Education Levels

Source: Researcher, (2023)

The respondent's level of education was: 51% - Undergraduate degree; Diploma level – 25%, Master's degree – 20%; Doctorate level – 4%; This shows that most functional managers are well-learned having the capacity to share credible information based on their knowledge, skills and perception hence concurring with Kelerman (2009) findings which played a significant role in this study.

4.4.3 Work Duration

Respondent’s work duration in the supermarket is outlined in Figure 4.4.

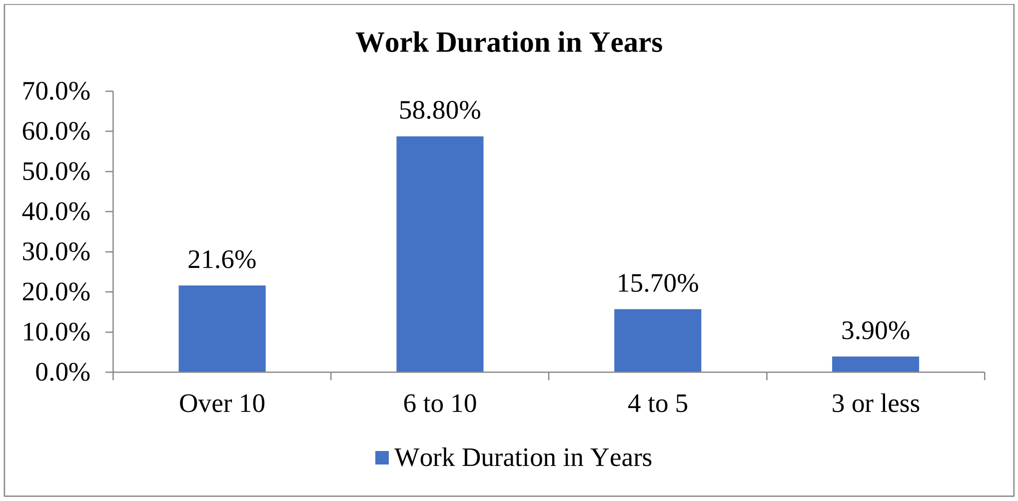

Figure 4.4: Respondent’s Work Duration

Source: Researcher, (2023)

Study findings depicted 58.8% of respondents had worked for 6 to 10 years, 21.6% for over ten years, while 15.7% for 4 to 5 years and 3.9% had worked for less than 3 years. Therefore, this shows that the supermarket’s functional managers had sufficient knowledge of the supermarket operations most having worked there for over five years and therefore able to respond to questions.

4.5 Descriptive Statistics Results

Descriptive statistical analysis of the study variables was presented below.

4.5.1 Results on Cost Leadership Strategy in Predicting Supermarkets Performance

Research findings were categorized to show the outcomes. Scale 4 and 5 were grouped as large extent, 3 as moderate extent and 1 and 2 were grouped as less extent. Research outcomes are depicted in Table 4.4.

Table 4.4: Application of the Strategy on Cost Leadership

Statement Indicated	No extent	Less extent	Moderate extent	Large extent	Very large extent	Mean	Std. Dev
Lowering operational costs	5.90%	19.60%	3.90%	33.30%	37.30%	3.76	1.31
Lowering product's price against its rivals	5.90%	27.50%	3.90%	33.30%	29.40%	3.53	1.33
Offers and promotions	5.90%	3.90%	13.70%	39.20%	37.30%	3.98	1.10
Enhanced product's delivery and customer's timely access	5.90%	9.80%	9.80%	39.20%	35.30%	3.88	1.18
Reduced product's transportation costs	60.80%	13.70%	2.00%	17.60%	5.90%	1.94	1.38

Source: Researcher, (2023)

Findings depicted that 70.6% of respondents shared that operational costs were lowered to a large extent with 3.76 mean and 1.31 standard deviation. This inferred that most supermarkets lowered their operational costs. Most respondents (62.7%) shared that the supermarket lowered product's prices to a large extent compared to its rivals. The study's mean was 3.53 while its standard deviation was 1.33 for this strategy. This infers that most supermarkets worked hard to lower prices than their competitors. The outcomes agreed with Njuguna and Waithaka (2020) who indicated that cost of goods determined the performance of the firms.

Most interviewees (76.5%), indicated that to a large extent, supermarkets utilized offers and promotions. The average was 3.98 while standard deviation was 1.10. This infers that supermarkets in Kenya were able to utilize promotions and offers. Many respondents (74.5%) highlighted enhanced customer delivery and access to services and products. Mean was 3.88 against a standard deviation of 1.18. This infers that improved customer delivery enhances firm performance. Seventy-six point five percent who comprised most respondents shared that product's transport costs were minimized to a less extent. Mean was 1.38 against a standard deviation of 1.94. This infers that most supermarkets were not able to minimizing the product transport costs. Statements that scored highest included utilization of offers and promotions (with a Mean equal to 3.98 and Std. Dev equal to 1.10). The study findings agreed with Marangu et al. (2017) who found that promotions good customer delivery had an effect on competitiveness.

Study findings highlighted the highest mean scores results were; enhanced product's delivery to customers (Mean was 3.88 with a Std. Dev of 1.18), lowering operational costs (with a Mean of 3.76 and Std. Dev. of 1.31). Lowest mean score statements comprised of lowered products' transport costs (with a mean of 1.94 and Std. Dev. equal to 1.38). The finding's indicated supermarkets were unable to reduce transport costs due to high fuel prices, but were able to lower operational costs and deliver products to its customers.

Study respondents also shared challenges faced during execution of cost leadership strategies. They mentioned financial crisis reducing profits as well as lowering product's prices compared to competitors. They were also asked to share how cost leadership strategy can be enhanced and they indicated that average market prices should be factored in when lowering prices to ensure profits are realized.

4.5.2 Results on Differentiation Strategy in Predicting Supermarkets Performance

The table below highlights the study's results.

Table 4.5: Application of Differentiation Strategy

Statement Indicated	**No extent**	**Less extent**	**Mode rate extent**	**Large Extent**	**Very large extent**	**Mean**	**Std. Dev**
Introduced more branches to enlarge its market	9.80%	3.90%	27.50 %	41.20%	17.60%	3.53	1.14
Technology leveraging to enhance business' processes	3.90%	2.00%	9.80%	64.70%	19.60%	3.94	0.86
Enhanced customer's commodities offering	2.00%	2.00%	13.70 %	62.70%	19.60%	3.96	0.77
Customized products to suit exact customer requirements	2.00%	15.70%	25.50 %	49.00%	7.80%	3.45	0.92
Introduction of brand-new commodities in the marketplace	0.00%	13.70%	9.80%	43.10%	33.30%	3.96	1.00
Some prices of products or services are more expensive than our rivals	39.20%	29.40%	0.00%	27.50%	3.90%	2.27	1.34
Some commodity prices are renovated to improve market recognition	11.80%	25.50%	2.00%	31.40%	29.40%	3.41	1.44
Average						**3.50**	**1.07**

Source: Researcher, (2023)

Findings depicted 58.8% study respondents shared to a large extent, the supermarket opened new branches to enlarge its market base. Mean and standard deviation were 3.53 and 1.14 correspondingly. This infers that most supermarkets opened new branches. To a large extent, 84.3% of study respondents shared that technology adoption enhanced business processes. Mean was 3.94 and standard deviation was 0.86. This implies that most supermarkets in Kenya were able to adopt the changes in technology in the sector. The study outcomes were in agreement with that of Githumbi (2017) who found that technological innovation had an effect on performance of rice milling in Kenya's county of Kirinyaga

To a large extent, 82.3% of respondents indicated the supermarket enhanced its products or services. The mean was 3.96 whereas the standard deviation was 0.77. This implies that most supermarkets on Kenya were able to improve their products. To a great extent, 56.8% of study respondents indicated product customization to suit customer needs happened. Mean was 3.45 and standard deviation was 0.92. This infers that most supermarkets in Kenya were able to customize their products so as to fit the needs of the customers. The study findings agreed with Onyango (2017) who found that addressing customers' needs enhances firm performance.

To a large extent, 76.4% of respondents shared that new products were introduced. The mean was 3.96 while standard deviation was 1.00. To a less extent, 68.6% of respondents highlighted that some product's prices were higher than their competitors. This infers that most supermarkets were able to introduce new products to the market. The mean and standard deviation were 2.27 and 1.34 correspondingly. To a less extent, supermarket's respondents indicated introduction of products or services for market recognition occurred. Thus, 3.41 depicted the mean with a 1.44 standard deviation. This infers that though supermarkets were able to introduce new products not all products were able to receive market recognition. Findings however showed that introduction and recognition of new products enhanced the firm sales which further enhanced the performance of the firm (Yanney et al., 2014)

Highest mean score statements include introduction of new products in the market (the mean was 3.96 and Std. Dev. was 1.00), enhanced provision of products or services (the mean was 3.96 and Std. Dev. was 0.77), technology adoption to enhance business processes (the mean was 3.94 and

Std. Dev. was 0.86). Lowest mean statements include some products or services prices are higher than our rivals' prices (the mean was 2.27 and Std. Dev. was 1.34), product or service renovation to improve market recognition (the mean was 3.41 and Std. Dev. was 1.44). Supermarkets were unwilling to increase commodity prices to avoid losing customers. Study respondents indicated the challenges they faced during this strategy execution and it included more time to implement, determination as well as resources that supermarkets were unwilling to spend. Respondents indicated that the differentiation strategy can be enhanced through undertaking thorough research on the target audience as well as the market to define what the supermarket will focus on.

4.5.3 Results on Focus Strategy in Predicting Supermarkets Performance

The table below displays study findings.

Table 4.6: Application of the Focus Strategy

Statement	No extent	Less extent	Mode rate extent	Large Extent	Very large extent	Mean	Std. Dev
Customer needs in target market are met through unique product features	15.70%	0.00%	3.90%	60.80%	19.60%	3.69	1.26
Marketing efforts are focused on specific sales channel e.g online	9.80%	2.00%	9.80%	51.00%	27.50%	3.84	1.16
Design of product's range for all customer groups	29.40%	23.50%	9.80%	27.50%	9.80%	2.65	1.41
Branches are extended to customer's location	9.80%	0.00%	5.90%	58.80%	25.50%	3.90	1.10
Greater effectiveness and efficiency	11.80%	5.90%	9.80%	45.10%	27.50%	3.71	1.27
Average						**3.56**	**1.24**

Source: Researcher, (2023)

For this study, 80.4% of respondents shared that customer needs in target market are met through unique product features. The mean was 3.69 against a standard deviation of 1.26. This infers that most supermarkets in Kenya were able to address the customers' needs. 78.5% of respondents shared that to a large extent supermarket's marketing efforts are focused on specific sales channel. The standard deviation and average were 1.16 and 3.84 correspondingly. This infers that supermarkets marketing efforts are focused on specific sales. The study outcomes also agreed with Akintokunbo (2018) who found that organizational performance was greatly affected by market focus strategy.

52.9% of respondents shared to a less extent that design of product's range for all customer groups. Mean was 2.65 against a 1.41 standard deviation. This infers that most supermarkets in Kenya don't have products that will fit all customers group range. 84.3% study respondents highlighted that to a large extent, supermarket's branches are extended to customer's location. Mean was 3.90 with a standard deviation of 1.10. This infers that most big supermarkets in Kenya have established branches all over the world so as to serve more customers. The study findings agreed with Kavulya et al. (2018) who found that customer focus strategy have significant effect on level of performance of Kenya's Saccos. Also, 72.6% of study respondents shared that to a large extent, greater effectiveness and efficiency was implemented with a mean of 3.71 against a 1.27 standard deviation. This infers that most supermarkets in Kenya have tried to enhance their efficiency and effectiveness.

Highest mean score statements included branches extension to customer's location (the mean was 3.90 and std. dev. was 1.90), marketing efforts geared towards specific sales channel (the mean was 3.84 and std. dev. was 1.16), greater effectiveness and efficiency (the mean was 3.71 and std. dev. was 1.27), design of product's range for all customer groups (the mean was 3.69

and std. dev. was 1.29). Lowest mean score statements include design of product's range for all customer groups (the mean was 2.65 and std. dev. was 1.41). This could have been as a result of high costs attributed to design of products to cater for all customer groups. Respondents shared the difficulty they met when implementing focus strategy were that it yielded no results, brought about manufacturing wastefulness in narrow niche supermarkets.

Respondents indicated that focus strategy can be improved through conducting a Strength, Weaknesses, Opportunities and Threat (SWOT) analysis as well as evaluate five forces to enhance market competition.

4.5.4 Results on Supermarkets Performance

Supermarkets performance is depicted in the table below.

Table 4.7: Supermarkets Performance

Statement	Not at all	Less extent	Moderate extent	Large Extent	Very large extent	Mean	Std. Dev
Greater recorded profits	7.80%	7.80%	7.80%	19.60%	56.90%	4.10	1.30
Improved customer base	5.90%	3.90%	3.90%	17.60%	68.60%	4.39	1.13
Greater sales turnover	3.90%	21.60%	5.90%	9.80%	58.80%	3.98	1.38
Improved return on assets	3.90%	7.80%	23.50%	60.80%	3.90%	3.53	0.86
Minimized complaints by customers	5.90%	15.70%	17.60%	45.10%	15.70%	3.49	1.12
Heightened retention of customers	19.60%	15.70%	0.00%	60.80%	3.90%	3.14	1.31
Improved loyalty by customers	7.80%	5.90%	9.80%	27.50%	49.00%	4.04	1.25
Increase in number of customers gained	17.60%	3.90%	11.80%	27.50%	39.20%	3.67	1.48

Greater employee retention as a result of job satisfaction	27.50%	43.10%	7.80%	13.70%	7.80%	2.31	1.24
Improved market brand appreciation	11.80%	5.90%	2.00%	31.40%	49.00%	4.00	1.36
Enhanced growth of employees, skills and employee development	27.50%	43.10%	3.90%	7.80%	17.60%	2.45	1.43
Grater growth of firm's revenues	7.80%	5.90%	9.80%	17.60%	58.80%	4.14	1.28
Average						**3.60**	**1.26**

Source: Researcher, (2023)

Study findings showed that 76.5% of study respondents shared that to a large extent there were greater profits where a mean of 4.1 and 1.3 standard deviation were reported. This infers that most supermarkets were able to record increasing profits. 86.2% respondents said that to a large extent, there was a growing customer base in the supermarket. The standard deviation was 1.13 with an average of 4.39. This infers that most supermarkets were able to grow their customer base. Also, 68.6% respondents, given an average of 3.98 and 1.38 standard deviation, shared that given a large extent, there was improved sales turnover. This infers that most supermarkets were able to improve their sales turnover. Also, 64.7% respondents shared to a large extent, the supermarket depicted greater return on assets given a 0.86 standard deviation and an average of 3.53. This infers that most supermarkets were able to record a rise in return on assets.

Respondents who were 60.8% shared that to a large extent there were minimal customers complaints given a 3.49 mean with a 1.12 standard deviation. This infers that most supermarkets were able to minimize their customers complaints. Respondents who were 64.7% highlighted that to a large extent, greater customers retention had occurred. The standard deviation was 1.31

while the mean was 3.14. It was also indicated that 76.5% of respondents shared that to a large extent, greater customer loyalty had occurred. This infers that most supermarkets were able to increase their customer loyalty. Mean was 4.04 against a 1.25 standard deviation. Also, 66.7% of respondents indicated a higher customer acquisition rate occurred to a large extent. 1.48 standard deviation was recorded against a man of 3.67. This infers that most supermarkets had a high customer acquisition rate. Respondents comprising of 70.6%, indicated to a less extent, minimal employee satisfaction and retention had occurred given a mean of 2.31 and 1.24 standard deviation. This infers that most supermarkets had favorable terms to their employees that enhanced their employee retention. Eighty-point four percent shared that given a large extent, they witnessed enhanced supermarket's market brand recognition, with a 4.0 mean and 1.36 standard deviation. Respondents who were 70.6%, shared that to a less extent, there was greater employee growth, development and enhanced skills given a 2.45 mean and 1.43 standard deviation. This infers that most supermarkets had not invested much on employee growth and development. It was also shared that 76.4% of respondents shared that given a large extent, they witnessed greater revenue growth at a 4.14 mean and 1.28 standard deviation. This infers that most supermarkets were able to record increased revenue growth.

Highest mean score statements were summarized as: Growing customer base (the mean was 4.39 and std. dev. was 1.13); Greater revenue growth (the mean was 4.14 and std. dev. was 1.28); Enhanced profits (the mean was 4.10 and std. dev. was 1.30); Greater customer loyalty (the mean was 4.05 and std. dev. was 1.25); Enhanced market brand recognition (the mean was 4.00 and std. dev. was 1.36).

Lowest mean score statements were summarized as; minimal employee satisfaction and retention

(The mean was 2.31 and std. dev. was 1.24), greater employee growth, development and enhanced skills (the mean was 2.45 and std. dev. was 1.43). Findings inferred that supermarket's customer base had grown but there was also high employee turnover rate as organization's employee needs were not being met to their satisfaction.

4.6 Results from Inferential Analysis

Correlational and regression analysis results were generated.

4.6.1 Outcomes of Correlation Statistics

Table 4.8: Study's Correlation Statistics Outcomes

		Organization performance	**Cost Leadership strategy**	**Differentiation strategy**	**Focus strategy**
Organizational performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Cost Leadership strategy	Pearson Correlation	.519**	1		
	Sig. (2-tailed)	0.000			
Differentiation strategy	Pearson Correlation	.674**	.285*	1	
	Sig. (2-tailed)	0.000	0.043		
Focus strategy	Pearson Correlation	.443**	.377**	0.225	1
	Sig. (2-tailed)	0.001	0.006	0.112	

Source: Researcher, (2023)

Results depicted cost leadership strategy displayed a positive and significant correlation to organization's performance (given r =0.519 and p=0.000). Therefore, this implied that increasing levels of cost leadership strategy causes greater organizational performance. Study findings concurred with Atikiya et. al. (2015) by concluding manufacturing firm's performance was exceedingly impacted by its cost leadership strategy.

Results portrayed that differentiation strategy was strongly and positively correlated with performance (given r = 0.674, p=0.000). Consequently, higher implementation of differentiation strategy would result to higher organizational performance in supermarkets. These results concurred with Kitheka and Bett (2019) by specifying that differentiation strategy greatly impacted Safaricom's performance given a mean of 4.39 and 0.692 variance.

Results depicted that focus strategy revealed a weak positive link with organization's performance (with r = 0.443 and p=0.000) and therefore focus strategy would boost its performance. Study findings correlated with Njuguna, Muchara and Namada (2019) who deduced that focus strategy-firm structure fit had a substantial influence on performance of star-rated hotels in Kenya. Therefore, increasing focus strategy led to greater hotel's performance.

4.6.2 Regression Results

Regression analysis statistically evaluated the link amongst the study's independent and dependent variables.

Results from regression analysis are displayed below.

Table 4.9: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780[a]	.608	.583	.25493

Source: Researcher (2023)

The table above shows the model summary. Business level strategies have been positively and statistically linked to the performance of selected supermarket's in Nairobi County in Kenya as enacted by the Pearson Correlation value of R=0.780, the variance proportion is elaborated by multiple regression models of R squared=0.608, the proportion of variance is explained by multiple regression models is by R squared=0.817. representing proportion of 60.8 per cent of study variables.

Table 4.10: The ANOVA Table

Model	Sum of Squares	Degrees of freedom	Means Squares	F	Significance
Regression	4.745	3	1.582	24.34	.000[b]
Residual	3.054	47	0.065		
Total	7.8	50			

Source: Researcher, (2023)

Analysis of Variance (ANOVA) tested the model's fitness given the data collected. Findings showed that p value was equal to 0.000 and lower than 0.05 hence proved to be reliable. The calculated F (24.34) was higher than F-critical proving the model's fitness in evaluating the effect of business level strategies on selected supermarket's performance in Nairobi City County.

Table 4.11 presents the study's regression coefficient results.

Table 4.11: The Regression Model of Coefficient

Models	Unstandardized Coefficients	Standardized Coefficients			
	B	Std. Error	Beta	t	Sig.
(Constant)	-0.243	0.46		-0.528	0.6
Cost leadership strategy	0.240	0.086	0.283	2.801	0.007
Differentiation strategy	0.629	0.111	0.545	5.672	0.000
Focus strategy	0.212	0.099	0.213	2.147	0.037

Source: Researcher, (2023)

Outcomes depict a statistical association that is positive between cost leadership strategy and organization's performance (where $\beta = 0.240$ and $p=0.007$). Thus, a positive change in cost leadership strategy causes supermarket's performance to increase by 0.024 units.

Kairu and Kibe (2022) study findings agreed with this study, which established a link between Nairobi supermarket's performance and cost leadership strategy. Findings portrayed a positively noteworthy relationship between supermarket's performance and differentiation strategy (where β is equal to 0.629 while $p=0.000$). Thus, improvement in one unit in a positive direction for the differentiation strategy would cause 0.629 units increase in supermarket's performance. Kitheka and Bett (2019) concurred with this study's findings which acknowledged that differentiation strategy influenced Safaricom Kenya's performance positively.

There was presence of a statistically positive link between focus strategy and performance of selected supermarkets (where $\beta = 0.212$ and $p=0.037$) revealing that a positive unit change in focus strategy causes the supermarket's performance to rise by 0.212 units. Demba, Ogal and Muli (2019) findings also concurred with this study on the element of differentiation focus strategy depicting a positive performance in businesses in car rental located in Nairobi County in Kenya.

The regression equation for this study was represented as:

$$\mathbf{Y = -0.243 + \mathit{0.240}\, X_1 + \mathit{0.629}\, X_2 + \mathit{0.212}\, X_3}$$

From the above equation, Y refers to Organization's Performance, X_1 highlights the Cost leadership strategy, X_2 and X_3 refers to firm's differentiation and focus strategy respectively.

Organizational performance would be 0.243 given the study is constant and placed at zero, according to the regression equation. In the absence of business level strategies, 24.3% of organizational performance is influenced by other conditions exempted in this study. This study’s findings concur with Gorondutse & Hilman (2019) who shared that business level strategies positively impact the performance of hotels.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The section focuses on research findings summary where study results and conclusions were drawn. Recommendations arising from this study and other areas where more research can be done were also derived from the study's findings.

5.2 Summary of Study Findings

5.2.1 Results on Cost Leadership Strategy Linkage to Performance of Supermarkets

Results recognized that offers and promotions were mostly used in selected supermarkets. Product's distribution and their ease of access was enhanced. Study results further depicted the inability of selected supermarkets in minimizing product's transport costs. Findings depicted a positive link among supermarket's performance and cost leadership strategy. Correlation results indicated a significant correlation amongst cost leadership strategy and supermarket's performance (r=.627**and p are less than 0.01). Further, the strategy of cost leadership depicted positively, a significant association with supermarket's performance according to the coefficient regression.

5.2.2 Results on Differentiation Strategy and Supermarkets Performance

Respondents indicated that supermarkets presented new products for sale in the marketplace. Most supermarkets also enhanced products and service offering to customers as well as its business processes. Majority of the supermarkets adopted new technologies to enhance their processes. Majority of the supermarkets charged almost similar prices compared to their rivals. Less supermarkets differentiated their products so as to be recognized in the market.

Results highlighted a substantial correlation (r=.516**, p (r=.516**, p <0.01) amongst differentiation strategy and competitive advantage. Respondents strongly agreed differentiation strategy depicted a significant and positive association with supermarket's performance. Correlation findings and coefficient regression specified a powerful connection between performance and differentiation strategy.

5.2.3 Results on Focus Strategy and Selected Supermarkets Performance

Descriptive statistics results showed that supermarkets opened branches in their customer's location. They also directed their marketing towards particular sales channels. Majority of the supermarkets presented their customers with special product features which met their demands in the target markets. Most supermarkets were unable to create products meant to suit all customer categories.

Focus strategy depicted a favorable and significant impact on supermarket's performance (Beta = 0.102 and p value <.001) highlighting that this strategy possesses a weak positive effect on organizational performance.

Coefficient regression outcome portrayed a positive and significant relationship amongst focus strategy and supermarket's performance. Correlation finding depicted a weak notable association between supermarket's performance and focus strategy.

5.3 Conclusion of the Study

This research deduced that the strategy on cost leadership depicted a positively significant association to supermarket's performance. Performance increased when cost leadership levels improved. Increased fuel prices impacted supermarket transport costs for commodities.

Differentiation strategy was also found to significantly and positively impact performance. Higher differentiation levels lead to increased performance of selected supermarkets. Innovation and new products introduction by supermarkets enhanced its performance.

Focus strategy and performance were found to have a significant and positive association. Adding focus levels improved performance. Offering customers new commodities as well as opening branches closer to customer's location enhanced supermarket's performance.

5.4 Study Recommendations

The Kenyan government needs to consider tax minimization on fuel products which will in turn lower transport costs for commodities hence decreasing commodity prices. This will lead to enhanced supermarket's performance.

Functional managers should create and implement strategies to minimize operational costs and reduce commodity prices. Product innovation should be sustained to fast-track product differentiation, enhance competition and create barriers to entry in the market. Technology adoption should also be fast tracked in all supermarket's processes so as to enhance efficiency as well as effectiveness.

Supermarket's profits should be reinvested to fund the creation of services and products that cater to needs of customers. Market focus research should be undertaken to identify potential markets ignored by competitors hence increase market share as well as supermarket's performance.

5.5 Suggestions for Future Research

The current study scope centered on analyzing impact of business level strategies on selected County of Nairobi supermarkets located in Kenya. Future studies can be done to cover other supermarkets not handled in this study as well as other geographical areas in other counties to enhance different areas strategy analysis.

Presence of other strategies could also impact supermarket's performance given that the study's R square was not 100%. More studies need to analyze the impact of competitive strategies as well as other strategies implemented in the retail sector to propel organizations to maintain sustainable competitive advantage.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

I am a current MBA student at Kenyatta University in the Department of Business Administration. Am researching on “Business level strategies and the performance of selected supermarkets in Nairobi City County, Kenya” and this questionnaire seeks to collect information on this topic. You are humbly requested to respond with total honesty as your response is discreet. Your assistance is appreciated.

Yours Sincerely,

Signature…….

Joan Kadenyeka

Appendix II: Study Questionnaire

I appreciate your assistance in filling this questionnaire. The responses you give are confidential.

PART ONE: DEMOGRAPHIC AND PERSONAL INFORMATION

Please answer the questions below by ticking in the provided space

1) What's your age?

18 - 30	
31-40	
41-50	
51-60	
Above 60	

2) Give the highest education level you have attained?

    a) Diploma level [ ]

    b) Undergraduate degree level [ ]

    c) Master's degree level [ ]

    d) Doctorate level [ ]

    e) Other levels (please specify here) [ ]

3) Working years in this supermarket?

    a. 3 years and less [ ]

    b. Between 4 to 5 years [ ]

    c. Between 6 to 10 years [ ]

    d. Above 10 years [ ]

PART TWO: IMPACT OF COST LEADERSHIP STRATEGY AND SUPERMARKETS PERFOMANCE

4) This section covers statements on cost leadership strategy impact on performance, kindly tick your response based on the extent the supermarket executes them. Using a 1-5 scale given that: 5 depicts to a very large extent, 4 depicts to a large extent, 3 depicts to a moderate extent, 2 depicts to a less extent; 1 depicts to no extent.

Statements	**5**	**4**	**3**	**2**	**1**
Lowering Operational costs					
Lowering product's price against rivals					
Offers and promotions					
Enhanced product's delivery and customer's timely access					
Reduced product's transportation costs					

5) Which challenges has your supermarket encountered when implementing this strategy?

____

____

____

6) Which measures can the supermarket adopt to enhance execution of this strategy?

____

____

____

Section C: Differentiation Strategy

7) This section covers statements indicating measures of differentiation strategy, kindly tick your response based on the extent the supermarket implements them. The rating scales are given one to five scale given: 5 depicts to a very large extent, 4 depicts to a large extent, 3 depicts to a moderate extent, 2 depicts to a less extent, 1 depicts to no extent.

Statements	**5**	**4**	**3**	**2**	**1**
Introduced more branches to enlarge its market					
Technology leveraging to enhance business' processes					
Enhanced customer's commodities offering					
Customized products meant to suit exact customer requirements					
Introduction of brand-new commodities in the marketplace					
Some prices of products or services are more expensive than our rivals					
Some commodity prices are renovated to improve market recognition					

8) Which challenges has the supermarket encountered when implementing this strategy?

____

____

____

9) Which measures can the supermarket adopt to enhance execution of this strategy?

____

____

Section D: Focus strategy

10) The statements below depict the supermarket's extent of executing the focus strategy. Please share the extent the supermarket has executed it given the following parameters; 5 depicts to a very large extent, 4 depicts to a large extent, 3 depicts to a moderate extent, 2 depicts to a less extent, 1 depicts to no extent.

Statements	**5**	**4**	**3**	**2**	**1**
Customer needs in target market are met through unique product features					
Marketing efforts are focused on specific sales channel e.g online					
Design of product's range for all customer groups					
Branches are extended to customer's location					
Greater effectiveness and efficiency					

11) Which challenges has the supermarket encountered when implementing this strategy?

____

____

____

12) Which measures can the supermarket adopt to enhance execution of this strategy?

____

____

____

Section G: Supermarkets Performance

13) The performance in an organization can be calculated using several parameters. Please share the degree the supermarket has improved given the following parameters; 5 depicts to a very large extent, 4 depicts to a large extent, 3 depicts to a moderate extent, 2 depicts to a less extent, 1 depicts to no extent.

Performance Indicators	**5**	**4**	**3**	**2**	**1**
Greater recorded profit					
Improved customer base					
Greater sales turnover					
Improved return on assets					
Minimized complaints by customers					
Heightened retention of customers					
Improved loyalty by customers					
Increase in number of customers gained					
Greater employee retention as a result of job satisfaction					
Improved market brand appreciation					
Enhanced growth of employees, skills and employee development					
Grater growth of firm’s revenues					

Appendix III: License issued by NACOSTI

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Our Ref: D53/38225/2016

DATE: 7th September, 2021

Director General,
National Commission for Science, Technology and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR KADENYEKA JOAN - REG. NO. D53/38225/2016.

I write to introduce **Kadenyeka Joan** who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the **Department of Business Administration.**

Kadenyeka intends to conduct research for a M.B.A Project Proposal entitled, **"Business Level Strategies and the Performance of Selected Supermarkets in Nairobi City County, Kenya".**

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL

EM/lnn