

**MARKET EXPANSION STRATEGIES AND ORGANIZATIONAL PERFORMANCE  
OF SUPERMARKETS IN NAIROBI CITY COUNTY, KENYA**

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**DECLARATION**

This research project is wholly original with no submissions to other campuses or institutes for the purpose of conferring degrees.

**Signed**..... **Date**.....

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This research project has been done under my guidance as the university supervisor.

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## **DEDICATION**

This research project is devoted to my mum, Josephine Kisilu, my sister, Phyllis Kisilu, and my brother Samuel Kisilu, and to all my friends and family for their prayers and offering me the much-needed love and support throughout my educational journey which has inspired me to reach for the stars and beyond.

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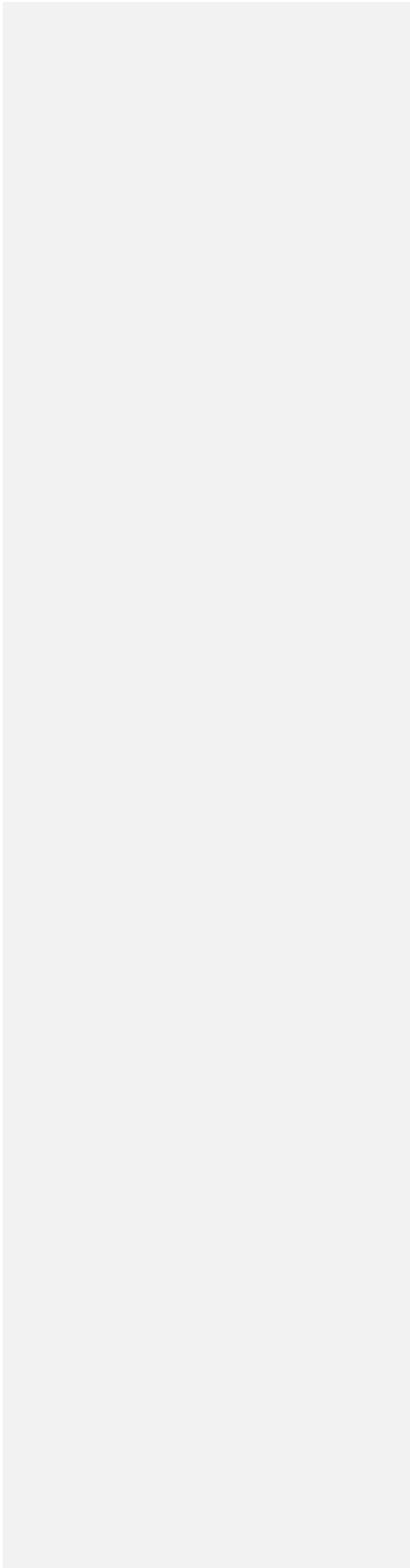
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## **ABBREVIATIONS AND ACRONYMS**

<b>B2B</b>	Business - to - Business
<b>B2C</b>	Business - to - Consumer
<b>BSC</b>	Balanced Scored Card
<b>EBP</b>	Evidence Based Practice
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>MEs</b>	Manufacturing Enterprises
<b>NSE</b>	Nigerian Stock Exchange
<b>OCCI</b>	Oman Chamber of Commerce and Industry
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>ROI</b>	Return on Investment
<b>SME</b>	Small and Medium Enterprise
<b>SMNs</b>	Social Media Network
<b>SPSS</b>	Statistical Packages for Social Sciences
<b>SQFT</b>	Square Feet
<b>USA</b>	United States of Africa
<b>3 E</b>	Economy, Efficiency, and Effectiveness
<b>5 E</b>	Economies, Efficiency, Effectiveness, Environment and Equity

## OPERATIONAL DEFINITION OF TERMS

- Diversification:** The practice of widening a product's immediate customer base. This method is used to develop the bargains linked with an existing product offering, which is especially advantageous to a company that has been undergoing sluggish or falling sales.
- Electronic Commerce:** The exchange of labor and products, or the transmission of assets or information, by an online platform, notably the net. These deals occur as B2B, B2C, and shopper - to - customer, or purchaser - to - business activities.
- Expansion Strategy:** A design process a company uses if it wants to grow more swiftly, contend, gain maximum benefits, establish a brand, leverage on advantages of scale, have a more substantial impact, or control a larger share of the industry.
- Market Development:** This is a process for business development that separates and expands new market niches for present products. In the currently defined sections, an improvement system targets customers who do not make purchases. Additionally, it targets fresh clientele in fresh market niches.

**Market Penetration:**

It is the successful sale of a product or service in a certain market. The total sales of a current good or service to its full target market are examined to calculate the estimated size of the market for that good or service.

**Market Performance:**

This pertains to the results of these methods, including the cost-benefit ratio of the offering, the size of the result, the effectiveness of the creation process, the development of processes and products, etc.

**Organizational Performance:**

It includes breaking down an organization's exhibition against its targets and objectives and It refers to the actual result or consequences of a connection as compared to its intended results.

**Organizational Profitability:**

This is a proportion of an organization's benefit in respect to its liabilities. Greater efficient associations will acknowledge more value as a fraction of its expenses compared to a lesser functional organization, which must invest more to generate a commensurate reward.

**Product Development:**

This pertains to the tactics and steps undertaken to launch innovations to the market or update product portfolio to create additional sales. Fostering an item entails a few steps, commencing with articulating the concept of sharing objects with clientele.

## **ABSTRACT**

Performance of an organization is dependent on the fit between the organization itself and the environment, thus it should adapt to the changing environment for survival and success. A portion of the difficulties experienced in the Supermarkets incorporate income bungle, unfortunate revealing designs, unfortunate installment arranging of the providers and thievery by subordinates and clients. The general objective of this study was to examine the effect of market expansion strategies on organizational performance of Supermarkets in Nairobi City County, Kenya. The specific objectives were to find out the effect of market development expansion strategies, diversification expansion strategies, product development expansion strategies and marketing penetration expansion strategies on supermarkets' organizational performance in Nairobi. The agency theory, balanced scored card model and market orientation were the theories which were used in the study. A descriptive study design was used. The study targeted 144 employees from selected Supermarkets and the sample size was 77 employees which was selected by use of simple random sampling. A questionnaire was used for data collection which was pilot tested before data collection was undertaken. The findings on reliability indicate that all the variables are reliable after Cronbach analysis. Quantitative data was analyzed through statistical analysis. The data was presented in tables and charts. Qualitative data was analyzed by grouping the data into similar groups and mean scores, standard deviations, percentages, and frequency distribution were employed to summarize the responses. The results from the study indicated there is direct relationship between market expansion strategies and organization. This was supported by majority of the respondents from the study findings. The study recommended that in order to reach out to new customers, there is need for Supermarkets to have customer focused pricing. Supermarkets need to increase their marketing and advertising budgets. Enhancing the product's functionality to better address client issues or obstacles will go a long way in attracting more customers. Product re-engineering is necessary to create competitive, innovative, and excellent products. The branch managers need to have sufficient skills and knowledge on how implement product development strategies. Supermarkets in Nairobi City County need to adopt the different forms of diversification as they seek to capture more market share in the retail industry.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The effectiveness of a company may be a subjective cognition of reality that disobediently clarifies the multiplicity of fundamental reflections on the concept and its measurement (Lebas, 2018). Presently, there are alternate sorts of definitions that are credited to the possibility of hierarchical execution because of its emotional nature. Thus, the idea of the performance of an organization has picked up expanding consideration in the last few decades, is inescapable in nearly all circles of human action. Firms have different tasks that are executed to achieve company goals.

Tangible replicable initiatives aid in the deployment of processes for the firm's success assessing the level of management practices on performance to make well-informed choices on where, if applicable, within the processes to take steps to boost performance. (Robbins, 2017). As a result, it is conceivable to assert that the organizational goal and the concept of performance of the organization are inextricably linked.

Nevertheless, authoritative execution is perhaps of the most contended idea about which there has never been an arrangement among different scientists and scholars. (Cameron, 2019) specifies that absence of cognizance or clarification in the meaning of the idea of execution. In the absence of any functional meaning of execution whereupon most of the significant researchers concur, there would normally be various explanations and deductions thought by different individuals as per their discernments. Thus, a normally recognized meaning of the idea looks different challenges, and that implies that the hance

of any definitions and beginning a few principles to show up at the ideal definition is as yet problematic.

Besides, hierarchical execution has reliably impacted the exercises of associations (Bratton, 2017). One of the issues of this effect is the expansion in the amount and variety of techniques and tactics for accurately quantifying the presentation and, continuously laying out an essential examination field for both corporations and scholastic. Unfortunately, there is no arrangement in the writing on the most proficient method to quantify authoritative execution, and the issue is staggered. Subsequently, both scholastic researchers and directors ceaselessly analyzed execution. Despite the fact that remedies for improving and overseeing authoritative execution are generally accessible, the issues of phrasing, levels of examination and applied bases for evaluation of execution distracted the scholastic local area.

Neely (2017) accepts that presentation ought to consider measuring the proficiency and viability of activities. Both subjective and quantitative measurement communicates the productivity and viability of execution. Proficiency and viability connected with execution as indicated by the meaning of Neely (2017) and different creators. Alternatively, the presentation of an association has accepted the opportunity to include more extended regions, such as the relationship between execution and authoritative aims (adequacy), hierarchical assets (productivity), and partner fulfillment (pertinence).

### **1.1.1 Market Expansion Strategies**

Boone (2018) defines a market development strategy is called a business growth strategy where it focuses on introducing existing products to new markets. A market development strategy supports businesses in a growing period to recognize and enhance new sales opportunities for the current range of products in the otherwise untapped markets. This strategy's primary focus is to ensure that all of the current markets are already fulfilled and satisfied with the products and services as presented. These strategies must consider all of the organizational assets, the existing and new products, the capabilities of the facilities, and what potential untapped markets the organization can potentially focus on with the current strategy.

Market orientation contributes to organizational effectiveness and researchers have recognized the importance of examining the relationship between market orientation and competitive strategy. The association between strategic orientation and performance varies depending on the type of performance measure used. Customer orientation has the strongest association with competitive strategy and market performance according to Study on market development suggested that business model and product market strategy are complements, not substitutes (Zott and Amit, 2007).

### **Diversification Expansion Strategies**

Diversification strategy is a business growth approach which is identified by a company in developing new products in new markets. The strategy is used by businesses to help them expand into markets and industries that they haven't currently explored. This is

achieved by adding new products, services, or features that will appeal to the customers in the new markets. The effect of a diversification strategy on performance has over the decades attracted the attention of scholars in the field of management and social sciences. Nonetheless, the justifications for diversification as well as results vary, with some findings found to be inconclusive (Asrarhaghighiet al., 2013). By expanding their reach and appeal, businesses are able to explore new avenues for sales, and in turn, have the potential to vastly increase their profits. The diversification strategy is considered the riskiest because the organization moves into unfamiliar markets with new products (Heiens, 2010). This is because the firm has little or no experience with both the market and products in these uncharted frontiers. However, if well implemented, it could be the most rewarding. There are four types of diversification strategies: vertical, horizontal, concentric and conglomerate. Vertical diversification works best where the customers are loyal to the firm's products while the new products should be of high quality, well-priced and promoted. Concentric diversification strategy involves increasing the product offerings by introducing new products that take advantage of the existing technology and marketing system. In conglomerate diversification a company enters into new products and new markets that have no relationships with neither current nor previous business lines.

According to Hodgetts (2019), product development strategy, also called new product management, is a series of steps that includes the conceptualization, design, development and marketing of newly created or newly rebranded goods or services. The objective of product development strategy is to cultivate, maintain and increase a company's market share by satisfying a consumer demand. Not every product will appeal to every customer

or client base, so defining the target market for a product is a critical component that must take place early in the product development process. The goal of product development practices is to meet consumer needs while keeping a focus on profitability and business sustainability. Products are one dimension of competition in the financial services space. The practices that produce the products must receive adequate attention. They are vital to improving the quality of services to promote customer adoption, consumer satisfaction, customer retention, profitability and long-term sustainability. Product development strategy is a process that leads to introducing new products into a market as a response to a market opportunity by logically combining a set of activities. Product development practices are a defined set of tasks, steps and phases that describe the standards by which a company repetitively converts embryonic ideas into sellable products or services (Kahn, 2004).

A market penetration strategy is defined as an approach used when a company works towards a higher market share by tapping into existing products in existing markets. It's how a company (that already exists in the market with a product) can grow business by increasing sales among people already in the market. Market penetration strategies allow a brand to take its existing product or service to an already thriving market with high demand and begin drawing - in a larger share of the entire market, eventually draining competitors of opportunity and money. It's used when a brand wants to eliminate all competition, completely owning the entire market share for a given product or service. Calculating the entire market size and estimating how much of the pie the company owns is incredibly useful for new and established brands (Casillas, 2019).

Market penetration is an effort to increase company sales without departing from an original product-market strategy. It is the first growth strategy generally pursued by an organization with intent to grow. Through this strategy, a company expands into a market where its current products already exist with the aim of selling more to current customers. Penetration strategies are often employed by businesses that need to use up spare resources like unutilized company capacity (Mwiti, 2011). The four objectives of a market penetration strategy are maintaining or increasing the market share of current products; securing dominance of growth markets; restructuring a mature market by driving out competitors; or increasing usage of existing customers.

### **1.1.2 Organizational Performance**

According to Johnson (2016), organizational performance is a cycle which remembers numerous exercises that assistance for laying out the objectives of the association, and screens the advancement towards the objective. It's the fulfillment of extreme goals of the association as set out in the masterful course of action. Generally, the notion of hierarchical execution is predicated on the assumption that an association is a deliberate interaction between valuable resources in order to get a shared understanding. Only if the people supplying the resources are happy with the value, they get in relation to the resources' optional uses will they give them to the organization?

Consequently, the essence of execution is the creation of significant worth. The resources will be made available to the organization, and the association will continue as long as the value generated by using the contributed resources is greater than or equal to the value anticipated by those providing the resources. Consequently, the asset supplier's

definition of respect creation serves as the fundamental general execution rule for each relationship (King, 2016).

The ability of a business to reach goals like high benefit, quality product, considerable market share, great financial results, and endurance at predefined periods, including important activity technique, is referred to as organizational performance (Donnell, 2018). A company can use execution as a base to assess how well it is doing toward predetermined goals, pinpoint strengths and shortcomings, and choose future drivers with the aim of starting to improve execution. Both financial and non-financial pointers were used by Rowley (2017). The financial indicators were the rate of deal development (also known as deal development) and the rate of overall income (also known as productivity). As a non-financial indication, they used the public's perception of them, their generosity, the nature of their services, and the effectiveness of their work.

The concept of organizational performance is complex and includes elements such as financial execution (deals, efficiency, and benefit), social execution, legitimate execution (complying of regulations and regulation like suggestions), or social execution (reception of direct standards in view of moral contemplations) (Hernant, 2019). Execution measures give the data important to leaders to plan, control and direct the exercises of an organization.

Organizational performance involves monetary and non-monetary markers or measurements that are utilized to assess the development of the association, and are outcome of the exchange between ecological variables and inner elements (Hilman, 2017). They likewise permit chiefs to quantify execution, to flag and teach providers on

the significant elements of execution, and to coordinate improvement exercises by recognizing deviations from norms. Different structures have been created to support these objectives, including the decent score card. Store outlets' supervisors are continually confronted with the test of deciding and making moves, to fulfill shoppers' necessities and needs, and answer the activities of contenders (Chenet, 2017).

Monetary measures portray parts of business accomplishments that help leaders to decide if the business is expanding the abundance of its proprietors or not. This action has its foundations in the space of bookkeeping, monetary administration and financial matters. It includes evaluations of elements like benefits, deals development, incomes and profit from speculation (Rauch et al., 2019). Monetary execution with bookkeeping proportions of productivity has for some time been thought of as perhaps of the main measure that gives important method for summing up and assessing business accomplishment. Signs of productivity and development have been broadly used to gauge the monetary presentation of firms. Benefit evaluates a company's historical profit potential, whilst development illustrates an association's historical capacity for expansion. Even at the same productivity level, increasing size will result in an increase in outright benefit and money age.

Additionally, greater growth can result in competitive advantage and greater market influence, which will boost future benefits. The utilization of monetary execution alone to introduce authoritative execution has in any case, been generally scrutinized as lacking for the powerful administration of organizations particularly in the ongoing quickly

changing and serious business sectors. This is particularly so as organizations are stood up to with expanding assumptions from different partners (Arshad, 2018).

Non-monetary measures are proactive factors that give data on future execution not really contained in customary bookkeeping measures (Hofmann, 2017). They reflect key worth making exercises. The focal point of non-monetary execution is to a greater degree toward a firm 's long haul accomplishment with variables, for example, consumer loyalty, interior business process productivity, development, representative fulfillment and so on which lead to worked on hierarchical and monetary execution of firms.

Expanded in the degree of globalization combined areas of strength for with, and mechanical changes have driven numerous associations to now use a blend of both financial and non-money related measures to choose their show (Attiea, 2017). The fair scorecards strategy is a common name for this method. Attiea made the argument that a customized combination of financial and non-financial measures can serve as a convergence point for an organization to identify and communicate its needs to various partners.

Albeit various measures might have their own assets and shortcomings, the utilization of the two sorts of measures seems to complete one another. In any case, Zuriekat (2018) revealed that some experimental proof demonstrates that monetary and non-monetary cannot replace but that nonfinancial measures are used in conjunction with monetary measures. Thus, the utilization of a blend of the two measures has turned into a famous system in various fields. A mix of the two is vital for give a more adjusted impression of the general presentation of an association. Administrators are subsequently, expected to

pick the ideal mix of measures that will result to powerful estimation of results in their associations.

Nidan (2016) study in the Indian retail area found that the hierarchical culture urged hierarchical execution to concoct novel thoughts and ideas which emphatically affected the presentation of the association. Okocha and Issa (2016) found that exhibition advantages of business behavior get from three impacts. The main impact is the objective setting impact: the way of life indicates the objectives of the firm and assists the representatives with pursuing day to day choices without any problem. The subsequent impact is the coordination impact: the way of life decreases the correspondence costs and works with coordination among representatives. The third impact is the inspiration impact as the way of life raises the representatives' inspiration when they trust in the organization's way of life.

In Kenya, the retail business adds to the economy of Kenya to the tune of up to 10% of the all-out GDP. The Consumer Insight (2016) further detailed that general store chains work with extensive measure of data stream in all fronts from monetary exchanges to the production network processes. The 2020 period kept repressed execution in Supermarkets coming about because of the extreme working climate as the economy wrestled with impacts of the Coronavirus pandemic. This was confirmed by the downsizing of outlets by supermarkets like Shoprite, Deacons, and Tuskys, with the last option presently confronting monetary misfortunes.

According to a study by Gichane and Moronge (2018) that looked at the effects of e-commerce practices on the growth of supermarkets in Nairobi County, 60% of the people

who took part agreed that they used competition to measure their growth, 28% said they used it moderately, and 12% said they did not use competition at all in the supermarkets. Due to increased market activities on the retail front, supermarket performance in H1'2021 saw a minor improvement of 0.1% in rental respect to 7.6% from 7.5% in FY'2020. The average occupancy rate and asking rent both continued to increase in performance by 0.7% points and 0.3% points, respectively, from 75.2% and Kshs 168.6 per SQFT in FY'2020 to 75.7% and Kshs 169.1 per SQFT separately in H1'2021. The forceful expansion of nearby and international supermarkets, such as Naivas, Quickmart, Chandarana, and Carrefour, was credited for the overall improvement in the area's appearance.

These supermarkets recently took up space previously occupied by pained supermarkets, such as Tuskys and Nakumatt, and they opened more than 13 stores in 2021 in various locations across the nation. Likewise driving the exhibition of the area, the report by Cytonn land designer said that it was expected better foundation which is opening up regions for speculation valuable open doors and supporting property costs. One more element that prompted expanded market exercises in the retail front, as per the report, was the progressive returning of the economy (Cytonn, 2021).

### **1.1.3 Market Expansion Strategies**

According to Hammond (2016) market expansion is a business development procedure and generally embraced when development tops in existing channels. The technique behind it begins with breaking down existing and future channels of dissemination and finishes up with taking on measures to expand reach and deals in the business sectors of interest. Both homegrown and worldwide business sectors offer extension open doors.

While new business sectors should be discovered and old business sectors reach their peak, development takes place. Therefore, market growth should result in an expansion of the customer base for the company.

According to Lieberthal (2017), market expansion is a business development system. When an organization's growth plateaus in existing channels, it adopts a market development system. Achievement is dependent on demonstrating that they have fulfilled current business sectors. Organizations should then distinguish between different business areas that are easily accessible. Organizations researching potential business sectors should consider their abilities and resources. These can have an interest in uncharted territories and recall both new and old objects. A specific brand message can then be used to attract new customers after organizations have thought about who they are. The truth is that no market extension strategy, no matter how well-designed, can guarantee success. Yet success will lead to more deals and a safety net for those organizations' inevitable financial crisis.

Boone (2018) defines a market improvement technique is known as a business development methodology where it centers on acquainting existing items with new business sectors. In a developing period, a market improvement strategy supports businesses in recognizing and upgrading new deal opportunities for the continued range of products in the typically underutilized commercial sectors. This system's essential center is to guarantee that the ongoing business sectors are generally pleased and satisfied with the items and services as introduced. These processes should take into account all of the available authoritative resources, both new and existing things, the office's

capabilities, and any prospective untapped commercial sectors that the association might be able to focus on using its current technique.

Diversification strategy is a development approach in which a corporation distinguishes it by growing new things in new economic sectors. Organizations use the method to help them venture into business areas and firms that they haven't before studied. This is performed by introducing new products, services, or features that will entice customers to participate in the new business sectors. Organizations can expand their breadth and attraction by expanding their reach and allure, and therefore potentially limitless build their benefits (Ponzi, 2016).

Product development strategy, sometimes referred to as new item executives, is a series of actions that includes conceptualizing, planning, improving, and marketing freshly produced or recently renamed labor and items, according to Hodgetts (2019). Product improvement strategies aim to grow, maintain, and expand a company's market share by satisfying a customer need. However, only one out of every odd product will engage every client or client base, so defining the product's target market is an essential step that should be taken right away.

A market penetration system is defined as a mechanism used when a company advances toward a larger share of the pie by utilizing current products in current business sectors. This is a way for a firm (that already has a product on the market) to grow its clientele by increasing sales to people who are currently looking. Market entrance procedures permit a brand to take its current item or administration to a generally flourishing business sector with popularity and start drawing - in a bigger portion of the whole market, in the end

depleting contenders of chance and cash. It's pre-owned when a brand needs to dispense with all contest, totally possessing the whole piece of the pie for a given item or administration. Computing the whole market size and assessing the amount of the pie the organization claims is unimaginably valuable for new and laid out brands (Casillas, 2019).

In order to increase sales, the company, according to Storbacka (2018), looks for new customers to introduce the product to a different group of consumers. A portion of the pointers utilized by associations prior to setting out on market development methodology incorporate however not restricted to presence of interest, GDP development rates for the country, development of the economy as a general rule, level of rivalry among others. The market extension approach begins with statistical surveying, in which a company conducts a division analysis and waitlists market segments that are worth pursuing. The goal is to grow the business or penetrate a mostly untapped or underserved market (Sohi, 2016).

According to Glueck (2017), market expansion strategy what's more, other comparable terms utilized in the business and corporate technique writing don't generally mean market development. For market extension technique to be executed flawlessly, the pointers should be thought about. There should be interest for the association items and administrations. The choice to extend ought to never be incited by a longing to adhere to an inconsistent development plan when the organization has no genuine legitimization for doing as such.

While information on an organization's own industry is basic to assessing market potential, GDP development rates by nation can be a decent early sign of an extension guarantee. Due to the information, it provides on the size and health of an economy, the gross domestic product is significant. Most typically, the real GDP growth rate is used to gauge the state of the economy overall. An increase in real GDP is interpreted, in broad terms, as an indication that the economy is doing well. When real GDP is expanding substantially, firms are likely to expand as companies hire more workers for their processing facilities and individuals have more cash on hand (Glueck, 2017).

Employing the four advertising mix elements, also referred to as the "four Ps," encourages companies to boost transaction volume in response to competition. These Ps stand for product, place, progress, and price. Planning effective approaches begins with knowing and comprehending the level of competition. Financial expansion occurs when real GDP rises from a box to a top over at least two subsequent quarters. The extension occurs during favorable financial times, when business activity rises, consumer confidence rises, and discretionary spending increases. The stage is also referred to as the financial recovery phase (Ansoff, 2017).

Here is nuance in the number: If a country's GDP isn't growing as quickly as its population, GDP per capita isn't rising. That suggests that the quality of life and the ability to buy are not on the rise. Rising GDP indicates that more opportunities will be offered, and personnel will enjoy higher compensation. On the off chance that GDP is falling, the economy is contracting - awful news for organizations and laborers.

Economic development causes increased wealth and productivity, which can offer up a number of amazing opportunities for businesses.

Whenever an enterprise approach uses these open doors with shrewdness and care, they can both extend their business and set it up for any slumps that may be from now on. High financial development leads to increased advantage for businesses, enabling them to invest significantly in new work. Furthermore, supported financial development increases certainty and motivates businesses to take on obstacles and improve (Dunning & McQueen, 2016).

#### **1.1.4 Supermarkets in Kenya**

Retail sector associations are typically prevailing in their field of activity. Associations in Supermarkets work in a serious climate in which the degree of contest has been escalated from the little and impending retail area associations as well as unfamiliar retail area associations (Okado, 2019). General stores associations attempt to find themselves in regions with high populace that has empowered buying ability to expand on returns. They work in extremely serious climate and normally lower costs on specific products now and again to draw in however many clients as could reasonably be expected to upgrade faithfulness and piece of the pie.

In Kenya, Supermarkets play a significant role in the expansion of the national economy. As the economy keeps on developing, there is need to set out more business open doors by making new retail area associations and extending the current ones (Ndinda, 2017). Throughout the course of recent years, there has been phenomenal development and extension of similar in the significant towns in Kenya. Then again, some retail area

associations have shut shops, yet others have diminished the quantity of their branch networks all around the nation (Mathura, 2016). The facts confirm that huge African and worldwide supermarkets like Shoprite, Woolworths, and Carrefour are making interests in present day exchange designs. However, conventional outlets will keep on being a huge channel for arriving at customers for an extensive future time.

In terms of structure, Kenya's retail business has followed the trend of major economies in Europe and Asia. As per Patibandla (2018) Supermarkets can be arranged into three classes. The first, "prepared - to - go", contains a few subcategories where decided supermarkets can construct positions promptly on the grounds that simplicity of obtaining, and customer acknowledgment have arrived at a level that allows the double-dealing of benefits of scale and reach. These ready-to-go locations comprise of dried food, gadgets, specific types of male's apparel, boos and music, and shopping centers, with Nairobi's Two Rivers mall serving as a notable example.

Dry food is particularly alluring as a result of the expansion of companies and goods has improved retail edges on two levels: these are bundle products, so suppliers must meet supermarkets' better terms to gain rack space, and also, they follow the example of upmarket general stores like Naivas in Nairobi's central business district, for example, drawing in clients with frozen food varieties and offering a prevalent scope of merchandise. They can likewise offer limits on account of their expanded edge spread. The second classification of retailing, "shape/adjust", incorporates lives basic foods ("new food"), ladies' clothing, DIY items, cheap food, and furniture. Supermarkets in these areas should contribute significantly to shape the store network and convince

purchasers to change their purchasing conduct.

Despite income issues that have put monsters on the verge of collapse, with a 30% growth rate, Kenya's retail industry remains one of the most alluring for long-term financial investors in sub-Saharan Africa. The area's development often fuels the interest. Due to increasing family discretionary cashflow, over the last five years, it has performed better than the economy, according to specialists at the financial warning company Strat Link. Reardon (2016) asserts that the growth of grocery stores in Kenya to a number of causes, an expanding working class with evolving lifestyles, increased urbanization, and market growth that has spurred heightened industrial competition.

Kenya had the first major grocery store during the 1960s, therefore the idea is not new to the country. There have been many developments in Kenya's retail sector. Numerous current unfamiliar including nearby financial backers are laying out corporate store or grocery stores in Kenya (Njoroge, 2016). In order to achieve this, they are compelled to develop their supply chains. For instance, Quickmart, has gone through fostering a store network and contriving exceptional item packages, is presently arising as a power in the corporate store area. Kenya's market for goods has encountered gigantic new contestants as well as dangers of exit by a few central parts in the new year's.

Proctor and Gamble performed a poll, and it is anticipated to rise significantly over the next 10 to 15 years, increasing by about 10% annually (Kimotho, 2017). Due to factors such as an expanding working class with high purchasing power, Kenya's supportive full-scale economic climate, with a 2017 GDP growth rate of just 5% and a 35% retail entrance rate, the area has a massive current market and future potential. Retail

behemoths fight for market share while fresh multinationals such as Carrefour and Game enter the sector (Kariuki, 2018).

The 1970s saw the establishment of Uchumi Stores and Nakumatt Stores, founded in 1987, are two examples of established participants in the retail industry. In any case, the corporate store did not experience much growth until the mid-1990s, when grocery stores in Kenya increased from 5 to currently north of 300 locations (Kiruga, 2017). These range from well-organized business stores to supermarket stores with free parking. Naivas, which has 81 branches (Cytton, 2022) and Quickmart, which has 50 branches in Kenya, are the two most important companies in the market over the past two years. They are both exclusive, and they have become the best locally based chain of general stores in Kenya throughout the years.

### **1.2 Statement of the Problem**

The effectiveness of an institution is reliant upon the fit between the actual association and the climate; subsequently it ought to adjust to the changing climate for endurance and achievement. Some of the challenges that face the Supermarkets incorporate income bungle, unfortunate revealing designs, unfortunate installment arranging of the providers and thievery by subordinates and clients. Such difficulties have seen business like Nakumatt and Uchumi grocery stores close practically the entirety of their branches. It's clear that the difficulties being referred to enormously affect the presentation of Supermarket business. The retail area in Kenya is confronting a transformation brought by rivalry, development of Kenya to center - pay economy and progression in innovation (Mugo, 2017).

According Tapera (2016), foreign supermarkets have kept an eye in Kenyan retail industry. Game, a South African Supermarket opened its leader store at Garden City Mall in Nairobi. Carrefour, a French supermarket has a few outlets in various Malls in Nairobi, for example, at The Hub Mall in Karen, Two Rivers Mall in Kiambu, Mega Mall along Mombasa Road and Sarit Center Mall and Westgate Mall in the Heart of Westlands as well as South Field Mall in Embakasi. This sort of interest in the business shows the amazing open doors accessible, and it's just the pre-arranged ones partake in the advantages of such an open door. To detect such open doors, retail area associations should be decisively situated, to fill in the hole regardless of the difficulties confronted.

This has constrained retail area associations to attempt change programs to guarantee endurance in the serious area (Kariuki, 2018). The presentation of Tuskys Supermarket has been declining over the most recent two years; with the business making misfortunes, and confronted with administration issues. Others in a similar direction are Nakumatt which confronted serious incomes issues in 2016 prompting the conclusion of every one of its branches in 2019 and liquidation of the business in 2020 while different grocery stores like Naivas are creating tremendous gains and partaking in the market initiative. Quickmart was likewise consuming space recently involved by Tuskys in Nairobi and different towns to unite their market and monetary execution.

Association exhibitions in those supermarkets can be credited to their essential administration rehearses picked by their authority and embraced in their organizations. Muogbo (2018) did a concentrate on the effect of vital change the board on hierarchical development and improvement in assembling firms in Anambra state in Nigeria. The

focus in this way argued that, despite the fact that important change the board isn't yet a common practice among assembling firms in Anambra State, it is acknowledged as an effective strategy for tackling the gravity, execution levels, and primary improvement of assembling firms in Anambra State specifically and Nigeria in general.

Gichunge (2017) made an investigation on how selected intermediate manufacturing businesses (MEs) in Nairobi fared as a result of government organizational change management. The investigation discovered that most of MEs have embraced some formal key change the board. Mwangi (2019) concentrated on contemporary administration practices and execution of huge drugs in Nairobi. The researcher deduced from the review that there is a beneficial relationship between current administration procedures and execution.

Kariuki (2018) did a concentrate on difficulties and step by step processes for surviving of grocery stores in Nairobi Kenya. The author found that the greatest test looked by general stores is contest, and techniques, for example, extension, reception of innovation in tasks will give them an upper hand. From the mentioned studies, no study has been conducted on the concept of market expansion strategies in Supermarkets and hence the research gap. Therefore, the purpose of this study is to ascertain the effect of market expansion strategies on the performance of Supermarkets in Nairobi City County.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The general objective of this study was to examine the effect of market expansion strategies on the performance of Supermarkets in Nairobi City County, Kenya.

### 1.3.2 Specific Objectives

Specifically, the study sought to:

- i. To determine how market development expansion strategies affect organizational performance of Supermarkets in Nairobi City County.
- ii. To determine how diversification expansion strategies affect organizational performance of Supermarkets in Nairobi City County.
- iii. To ascertain how product development expansion strategies affect organizational performance of Supermarkets in Nairobi City County.
- iv. To find how market penetration expansion strategies affects organizational performance of Supermarkets in Nairobi City County.

### 1.4 Research Hypothesis

*H<sub>01</sub>* Market development expansion strategies affects organizational performance of Supermarket in Nairobi City County

*H<sub>02</sub>* Diversification expansion strategies impacts organizational performance of Supermarkets in Nairobi City County

*H<sub>3</sub>* Product development expansion strategies affects organizational performance of Supermarkets in Nairobi City County.

*H<sub>4</sub>* Market penetration expansion strategies impacts organizational performance of Supermarkets in Nairobi City County.

**Comment [u1]:** I suggest we use research questions as per our earlier document.

### **1.5 Significance of the Study**

The findings of this study will contribute to the rising body of research on how retail outlets in Nairobi cope with the increasingly competitive market and strategies they use to not only maintain and improve their competitive positions, but also acquire new market share in the markets they operate.

The management of the selected Supermarkets in Nairobi City County will find this study an invaluable source of material in developing and harnessing their competitive strategies in the present evolving and dynamic business environment. This study will provide insight on some of the challenges that may be faced in the development and implementation of strategies and how they can avoid them. The government and regulators of the retail industry will also find invaluable information in how marketing strategies can be adopted and as a result put in place policies that will guide and encourage other organizations within and without the industry in implementing their strategies in an ethical manner.

The findings of this study are expected to contribute to research and practice, by elaborating the strategies that are pursued by the retail organizations in order to be competitive in the retail industry. The study may also add to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendations.

### **1.6 Scope of the Study**

The study examined how market expansion strategies affect organizational performance of Supermarkets in Nairobi City County. In developing the literature view, balanced

scored card model, resource - based view theory and marketing orientation theory were used as the theories behind the study. The study covered selected supermarkets in Nairobi. These are supermarkets that are in the same tier. Supermarkets in Kenya is very competitive thus without proper market expansion strategies, a supermarket cannot remain competitive in the market. The population for the study was made up of these chosen supermarkets. An easy random sampling process was applied in establishing the study's sample size. The population that was used in the study was 226 employees from the selected supermarkets. The research was conducted between April 2021 to November 2022.

### **1.7 Limitations of the Study**

Research procedure has difficulties that the analyst should think of ideal solutions for defeat the expected difficulties. In the examination cycle, it requires a few significant measures of funds that are intended to work with information assortment and examination from the chose supermarkets. The researcher was required the research colleagues who were prepared sufficiently as well as guarantee that there was a test size which is a delegate of the objective populace. The sample size was reasonable and satisfactory and acceptable for the financial plan set out by the specialist. Some data with respect to showcase development techniques was a challenge to get to consequently, this was a restriction hence the researcher utilized the conventional channels of correspondence to guarantee that the right data is availed.

### **1.8 Organization of the Study**

This research project comprised of three chapters. Chapter one involved the introduction, background of the study, statement of the problem, objectives of the study, research

questions, significance of the study, scope of the study, limitations and organization of the study. Chapter two of the proposal reviewed the literature which included the theoretical review, empirical review, research gaps, conceptual framework and operationalization of variables. Chapter three discussed research technique, which includes the study design employed, the study population, the procedure for taking the sample size, research instruments, the validity and reliability of the research instrument, and data collection tools. Chapter four contains the findings of the study. Lastly, the last chapter focused on the discussion, the study inferences and the proposal made by the researcher based on the research findings.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discussed the theoretical literature review, empirical review, research gaps and the conceptual framework.

#### **2.2 Theoretical Literature Review**

The theoretical literature review helps to establish what theories already exist, the relationships between them, to what degree the existing theories have been investigated and the application of the theories in the study.

##### **2.2.1 Agency Theory**

The agency theory was developed by (Jensen & Meckling 1976). This theory is an office relationship as an agreement under which at least one person (the head (s)) connects with someone else (the specialist) to play out some help for their benefit which includes designating a choice - making power to the specialist. Office hypothesis investigations the connection between two gatherings: financial backers and managers.

The agent (manager) undertakes to perform certain duties for the principal (investors) and the principal undertakes to reward the agent. According to the agency theory, a firm consists of a nexus of contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling those resources. The theory posits that agents have more information than principals and that this information asymmetry adversely affects the principal's ability to monitor whether or not their interests are being properly served by agents (Jensen & Meckling, 1976).

Ross (1987) says that Agency theory centers upon connections between parties where one delegates a choice - making position to the next. The chief would designate a dynamic power to the specialist who, thusly, would be liable for boosting the principal's investment in return for a motivator, for example, a fee.

Agency relationships are designed to increase value to the parties involved. However, there are costs involved including engaging in the relationship, monitoring its progress and enforcing it. These costs are influenced by the different attitudes of principals and agents to risk and their different access to information ('information asymmetries'). The agent for instance has private information to which the principal does not have access and cannot observe accurately. This can allow the agent to increase their bargaining power in the relationship.

Where the desires of the principal and agent conflict, and the agents are not provided with proper incentives or are constrained in some manner, perhaps through the terms of contract, agents may act more in their own interests than those of the principal. This is known as an 'agency problem'. In the relationship between shareholders and management the agency problem is often portrayed as shareholder principals having goals of value maximization while management agents' goals are those of self-aggrandizement; the consumption of value to build their own empires.

Whinston (1986) asserts that in an authoritative setting, the organization hypothesis is extremely huge. The office hypothesis clarifies how for best coordinate connections in which one party (the head) decides the work, which another party (the specialist) attempts. The ramifications for execution the board as a discipline are significant, as in

hierarchical setting, the targets of people; groups and the element in general can be in struggle. Objective clash can rouse incongruent activities and this can possibly influence execution. In this way, arrangement among individual and gathering goals is significant for boosting execution. Ineffective recommendations derived from the hypothesis, questionable legitimate interpretations of authoritative execution based on the theory's premise, and absurd assumptions about the motivations and behaviors of supervisors are all reasons why agency theory is criticized for how it applies to issues with hierarchical execution (Hatchuel, 2018).

Cutoff points of materialness of organization hypothesis are resolved fundamentally by the premises accepted in demonstrating different office connections. Oversimplified premises concerning nature of activities engaged with connections between subjects (advantage, homo economicus, quest for one's own advantages solely), don't cover every one of the intricacies of human activities. This hypothesis is uneven (Mesjasz, 2017), underscoring a few monetary elements, and excluding (in addition to other things) political variables, inner issues of administration or the jobs of different partners.

Critics of agency theory have seen too that control systems proposed based on organization hypothesis are costly, yet in addition monetarily incapable, on the grounds that components safeguarding investors' inclinations might disrupt acknowledgment of vital choices, may limit aggregate activities, contort growth strategies and overlook interests of different partners, which might prompt diminish their obligation to production of monetary worth. Other authors express various lawful questions concerning approaches to introducing connections among investors and chiefs based on organization

hypothesis. For example, investors are not by any means the only gathering that bears the gamble. Different partners involved in the creation of valuable products contribute their assets that are essential to the business and assume risk associated with its activities (Evans, 2016).

In this current study, agency theory supports the market development expansion strategies, diversification expansion strategies, product development expansion strategies and market penetration expansion strategies. In an organizational context, the agency theory explains how to best organize relationships in which one party (the principal) determines the work, which another party (the agent) undertakes. The implications for organizational performance as a discipline are considerable, as in organizational context, the objectives of individuals, teams and the entity as a whole can be in conflict. Goal conflict can motivate incompatible actions and this has the potential to impact performance. Thus, alignment between individual and group objectives is important for maximizing performance in an organization. In the implementation of strategies, several stakeholders are involved such as the government, suppliers among others.

### **2.2.2 Balanced Score Card Model**

The Balanced Score card was developed by (Kaplan & Norton 1992). In 1990, Kaplan and Norton led a research study of a great deal of organizations determined to investigate the new strategies for execution estimation. This is a system execution the board device - a very much organized report, which can be utilized by managers in an organization to monitor duties assigned to the workers in their workstations and to results are achieved in the duties assigned.

According to Kaplan and Norton (1992), most customary administration frameworks center on the monetary execution of an association. Adjusted Scorecard was at first proposed as a universally useful execution the board framework. Consequently, it was advanced explicitly as a way to deal with vital execution the executives. An increasingly important component of coordinated methods to corporate key administration is the adjusted scorecard. Modern adjusted scorecard plans are supported by two ideas, including making it simpler to select the information to pay attention to and ensuring that the information is dependable with the ability of the viewer to intervene.

Broekman (1998) wrote that "a self-regarding association obviously can never again manage without the Balanced Scorecard" and hers (1998) highlighted an overflow of congresses, workshops and distributions on the topic. In crescendo, observers discussed "a genuine pattern" (Koning, 1997), "a craze like impression" (Du Mée, 1996) and "a genuine publicity" (Hers, 1998). Such explanations recommend that the Balanced Scorecard has become famous and achieved many changes in different associations. On the off chance that the cited creators are correct, the Balanced Scorecard even looks like a normal administration design. In the mid - 1990s, a better plan technique emerged.

In the new method, measures are chosen in view of a bunch of "vital goals" plotted on an "essential linkage model" or "technique map". With this changed methodology, the essential goals are disseminated across the four estimation points of view, in order to "draw an obvious conclusion" to shape a visual show of technique and measures. In this changed form of adjusted scorecard plan, chiefs select a couple of vital goals inside every one of the points of view, and afterward characterize the reason impact chain among

these targets by attracting joins between them to make an "essential linkage model". A decent scorecard of key execution measures is then inferred straight by choosing a couple of measures for each essential goal. This kind of approach gives more noteworthy context-oriented avocation to the actions picked, and is by and large simpler for supervisors to deal with (Koning, 1997).

However, the Balanced Scorecard has also been subjected to scrutiny, on both theoretical and practical grounds. According to Professor Hanne Norreklit of Denmark's Aarhus School of Business, the scores do not have a theoretical basis in the choice sciences and are not based on any proven monetary or monetary hypothesis. This indicates that there is no solid actuarial or financial foundation to the Balanced Scorecard planning and implementation process.

**Comment [u2]:** Cite this paragraph according to APA style of referencing

Another criticism is connected with the Balanced Scorecard's effectiveness for business arranging, in the possibility that simply a rundown of measurements don't give a brought together view or clear suggestions. Then again, it was contended that the handiness of the Balanced Scorecard depends on its adjustment to the general business technique. Organizations may, in this manner, predisposition their scorecard to the aspects that intently support their essential heading, disregarding perspectives that don't appear to have an immediate, detectable, and quantifiable effect on the organization's essential objectives (Hoque, 2017).

The balanced scored card (BSC) model is vital in this study since it supports market development expansion strategies, diversification expansion strategies, product development expansion strategies and market penetration expansion strategies. This

model gives bits of knowledge on the most proficient method to gauge execution of market entrance as a technique for market execution. Such measure incorporates monetary measures, non-monetary measures, association culture and contest. The model also provides guideline for gauging on how Supermarkets perform in Nairobi City County.

### **2.2.3 Market Orientation Theory**

This theory was developed by (Drucker, 1954). Market orientation theory is conceptualized along three aspects which are client direction, contender direction, and between practical coordination. Ajay Kohli and Bernie Jaworski (1990) and Narver and Slater (1994) provide the two most prominent conceptualizations of market direction (1990). While In 1990, Kohli and Jaworski looked at the market direction to be the execution of a promotional idea. According to Narver and Slater (1990), it is an organizational culture. Client direction is worried about the comprehension of purchasers with a point of persistently making esteem. It includes a bunch of conduct that includes procuring, dispersing, and handling client data and with really responding, answering, and supporting client criticism. Subsequently, market direction hypothesis is more worried about understanding the purchaser's whole worth of chain and utilizing of such data by an organization to accomplish market advantage.

Firms that have great market direction can accomplish higher market execution which brings about more grounded hierarchical execution. Associations with more grounded market direction emphatically encourage more worth connected with market following and deal more prominent worth to their clients. In like manner, client arranged

associations will generally acquire data about current and idle clients' necessities, grasp the communicated wants, needs, and requests of the clients in their served advertises and foster items and administrations that fulfill those cravings. A dealer produces an incentive for purchaser just through two strategies: by expanding purchasers' inclinations concerning costs and by diminishing purchasers' expenses with respect to interests (Narver, 1990).

Competitor direction alludes to an organization's information on strength, shortcoming, methodologies and capacities of its rivals. Contender direction is engaged with the information on other company's shortcoming and strength all with a point of grasping their deficit. It supports development which is a critical part of any technique, and in a roundabout way it prompts better market execution of a firm. The last part of market direction hypothesis is between useful coordination. It centers around working on the coordination on different frameworks of a firm to empower it to convey, think, and work together to accomplish its goals, viability, upper hand, and execution. It involves the planned exertion of an association to make prevalent incentive for the objective and potential clients hence fulfilling the requirements, needs and requests of clients.

This part of market orientation theory assumes a significant part in the versatility and adaptability of a firm in further developing its market execution and likewise its business execution in the midst of all rivalry and that is the reason the hypothesis was taken on in this specific review since market direction directs the connection among capacities and execution in an association. Specifically, market orientation theory cooperates with creativity and coordinated effort capacities demonstrating that market-arranged

association perform better when they have figured out how to be imaginative and there is bury - departmental joint effort (Powpaka, 2016).

Market management routinely considers improvements to customer service and product support that are designed to address customer complaints. This promotes brand loyalty and effective word-of-mouth marketing while ensuring that overall customer loyalty to the company remains high. Narver and Slater (1990) underscore the connection between upper hand and market direction to make prevalent incentive for clients. They contend that more market direction works on the investigation of wellsprings of supportable upper hand. The viable utilization of assets and abilities brings about upper hand for an association. Additionally, to support this benefit, organizations need hierarchical information that isn't effectively replicable by contenders. This sort of information occurs through the market direction process and is development. Market orientation theory market development expansion strategies, diversification expansion strategies, product development expansion strategies and market penetration expansion strategies

### **2.3 Empirical Literature Review**

This subsection dwelt empirical literature review related to the study's specific objectives.

#### **2.3.1 Market Penetration and Organizational Performance**

A multi-case research by Chandola (2017) examined the market penetration strategy used by Chinese smartphone companies targeting the Indian market. Following the most well-known method of multi-contextual investigation procedure development hypotheses, refined study results from interviews with leaders of four renowned Chinese mobile

phone makers/brands entering the Indian market on the appealing arrangement of promoting techniques. The research findings showed direct contrasts in the Chinese and Indian markets as the organizations acknowledged in the wake of getting into business in India that the host country didn't have an experienced e - commerce and furthermore confronted issues with coordinated factors. Notwithstanding, the examination utilized a multi - contextual investigation technique that could prompt a higher limitation of the review decision in this way that makes a hole that should be tended to. The review was directed in a created country. The previous study was carried out in a developed country, but the current study was carried out in a third-world country.

In another study conducted in Kenya, Mwangi (2018) looked at how market entry strategies affected how particular milk handling businesses were presented. The review employed a clear and illustrative examination strategy to accomplish the research objectives, and the 34 selected dairy companies were the subjects of the study. The goals were to take a gander at the job of entrance, market extension, consolidations and procurement; which joined both inner and outer development methodologies. The review's findings showed a stronger and favorable relationship between the market infiltration plan used by these milk handling firms and how well it is carried out. This study was restricted to drain handling organizations and not the whole horticulture industry. The review discoveries showed that milk handling organizations in Kenya ought to involve more development systems to upgrade their exhibition and this depends on areas of strength for the between center methodology at (0.456) relationship and execution of milk handling organizations. The focus will be on the effect of market

penetration on organizational performance, however, as it wasn't examined in the current study.

Numa (2019) led a concentrate on the impact of market entrance methodologies on execution of agrochemical organizations in Nakuru County. The review utilized a graphic study plan. A statistical overview was used in the examination, and 60 top administrative staff members were chosen using purposeful inspection. Pretesting was undertaken for dependability/authenticity. The evaluation investigation was able to establish relationship between market infiltration strategy and the exhibiting of agrochemical companies. Agrochemical companies should address market penetration in the review proposals since it significantly affects how they are presented. Additionally, it is advised that the government support initiatives that would be on market entry plan used by companies because these strategies affect their exposure and subsequently the farming region. The Nakuru County agrochemical organizations were the focus of the review.

Auma (2020) researched the impact of development systems on execution of state funded colleges in Kenya. Ansoff's development systems were investigated. The review utilized a cross sectional study configuration including the complete populace (statistics) of the 33 state funded colleges in Kenya. The cross-sectional review configuration was utilized on account of the similar examination across the colleges and furthermore assisted with demonstrating and additionally discredit suspicions. Through semi-organized research surveys that the respondents self-controlled with the analyst's aid, information was gathered. There was statistical analysis used in the review. was amassed by loosely arranged research. The investigation discovered that market infiltration procedure affects

the presentation of state funded colleges. The investigation discovered that broadening technique decidedly affected the presentation of state funded colleges in Kenya. The review suggested that accentuation be placed on the established press publicizing and virtual entertainment to draw in additional understudies. Further examinations might zero in because of development methodologies on authoritative execution of different areas like the assembling, farming, avionics and wellbeing areas in Kenya. The ongoing review won't concentrate in the public universities but Supermarkets in Nairobi City County.

On a different focus, Kahonga (2020) examined the development methodology and insurance agency display in Kenya. The use of a graphic examination plan was the primary focus of this investigation issue. Because they had adopted and utilized various development techniques, ten insurance companies in Nairobi County were selected for the examination. With the assumption that measures would be visual and inferential, this study used the SPSS program to collect both qualitative and quantitative data. The analysis found that the insurance company's execution and item improvement had the lowest agreement ( $r = 0.404$ ,  $p 0.01$ ). Market infiltration and insurance agency performance had an incredibly strong correlation ( $r = 0.692$ ,  $p 0.01$ ).  $R^2 = 0.589$ , which showed that a difference in one unit of all the indicator components taken together could explain 58.9% of the development in the execution of the insurance agency in Kenya, however, identified considerable areas of strength. The review prescribed that there was need to fortify the illumination of people in general on the meaning of protection. Insurance agency ought to effectively manage the re - making of showcasing and market section methodology as they utilize new techniques for the contribution. Chiefs in insurance agency ought to gain by practicality studies pointed toward assessing the

impact of development methodologies and this ought to assist them with turning out to be seriously educated into settling on the ideal choices and subsequently help in guaranteeing legitimate item improvement. In this study, obviously there is need for the current study since it was not addressed.

### **2.3.2 Product Development and Organizational Performance**

Kamala (2016) focused on the effects of product development on working execution in Textile Industry with quantitative poll study. The examination results show more fruitful item advancement could all the more likely upgrade working execution in material industry. The review laid out that electronic promoting has generally changed customers' buy ways of behaving. In any case, buyer requests are alterable that it is fundamental to comprehend the variables in clients shopping on the web to increment deals. The review prescribed the need to lay out the inventory network of the whole material industry to make Taiwan the ideal choice to buy materials. This study was directed in a more evolved country subsequently the need to lead this exploration in an emerging nation like Kenya and will concentrate on Supermarkets in Kenya.

Ojwaka (2018) studied the effects of product development strategies on organizational performance of commercial printing firms in Nairobi, Kenya. The study embraced an illustrative examination plan and utilized irregular testing method to choose 25 business printing organizations and delineated testing procedure to choose 75 directors from the chose 25 business printing organizations in Nairobi, Kenya. The investigation discovered that market improvement, market entrance, item advancement and enhancement procedures depicted positive results which had a huge significance with a hierarchical execution of business printing firms in Nairobi. Business printing firms ought to

contribute more on examination of current market patterns, nonstop expertise advancement for representatives and framework that help new innovations to guarantee viable and effective executions of the referenced development techniques. The current study didn't concentrate in the business printing firms in Nairobi but Supermarkets in Nairobi City County.

Oloko, Muturi, and Mwau (2016) directed a concentrate on the impacts of item improvement procedures on the presentation of organizations working in Kenya's security industry. The review made use of an illustration-based research design and a poll as the primary instrument for gathering data. The study demonstrated that the market development strategy had a negative impact on protection firms' presentation, as evidenced by the discovery of new geological regions. According to the relapse results, there is a small but favorable association between item improvement methodology and benefit development for protection firms, as indicated by the values of  $r = 0.064$  and  $p = 0.253 > 0.05$ . The review prescribed firms to seek after it with much caution since discrediting the exhibition of the organization mostly in the protection sector is known. The current study zeroed in because of item advancement methodology on execution of firms inside the protection business in Kenya in this manner the requirement for another review that is destined to be focusing on Supermarkets in Nairobi City County.

Kilika (2016) conducted research in support of a theoretical model relating to brand extension, market penetration and performance of the firm. The center was established in response to growing interest in the role of product improvement methodology as the lifeblood of business development at both local and international levels. Despite the fact

that this relationship joined with that of development might prompt organizations acquiring upper hand, the past examinations have expected a straightforward direct relationship and have neglected to incorporate other logical qualities of the market as embraced by a portion of the hypothetical contentions that support the relationship. Supported firm execution might result when a firm over and over presents item improvement system that help clients truly evolving needs. The review distinguished the requirement for examinations since this relationship isn't immediate, evaluating the directing impact of market reception qualities, which won't just upgrade the reasonable thoroughness yet in addition improve figuring out the relationship in a more pertinent way.

Aluga (2019) investigated the impact of new product development on the performance of the Safaricom telephone specialist cooperative in Kisumu, Kenya. This study's objectives were to investigate the effects of new item development, estimation, situation, marking, and advancement as components of new item development on hierarchical execution. An illustrative study research strategy was used in the study, with 286 vendors serving as the objective population. The entire population was included in the example size of 286. Ms. Excel was used to create tables and figures, while SPSS was used to analyze the data. The study found that the most important influence on Safaricom's execution was product development, followed by valuing, positioning, branding, and development, which had no effect at all. The study assumed, based on these findings, that product evaluation and development had the greatest impact on Safaricom's execution. The review suggested carefully embracing product development, branding, and positioning. The study was

conducted in Kisumu which is geographically different with Nairobi where the current study was conducted.

### **2.3.3 Diversification and Organizational Performance**

Oladimeji (2019) conducted a study on the effect of diversification strategy on hierarchical execution. A semi trial study with an ex-post facto research configuration was utilized for the review. The respondent populace comprises of 31 associations recorded in Nigerian Stock Exchange (NSE) for a time of 20 years (1997-2017), while the example size is contained six organizations purposively chose in light of their life expectancy and level of expansion. Information was drawn from the monetary reports of the chose associations, with E - View variant 9 utilized for the information investigation. According to the analysis, differentiated associations outperform undiversified ones according to returns on investments and returns on assets. While irrelevant and crossover expanded connections were shown to be favorable in ROE (81.7% and 20.5%), related differentiated associations were positive in ROA (26.8%). The need for this study, which will be focusing on Supermarkets in Nairobi, was driven by the ongoing evaluation, which focused on the impact of organizational performance on diversification strategy in Nigeria.

In Uasin Gishu County, Maragia (2021) investigated the effect of diversity on assembly organizations' authoritative execution. The audit's particular targets were to portray what level development meant for the by and large hierarchical presentation of collecting associations in Uasin Gishu District. The review included 5662 representatives of selected Uasin Gishu County manufacturing companies among the population. Using clearly defined, proportional, and straightforward irregular testing procedures, a sample

of 374 representatives was selected. The primary method for gathering data for the review was an organized survey. The information was analyzed utilizing research strategies like normal, proportions, and events as well as inferential estimations. The findings of the review revealed that even broadening ( $= 0.263; p 0.05$ ) are crucial factors that influence assembly organizations' authoritative execution. The study recommended that manufacturing companies should expand their product offerings in order to achieve benefit and development and increase execution in addition to achieving economies of scale and recovering their financial situation despite a slump or decrease in the product life cycle. The present study was carried out in Nairobi City County.

In Nairobi City County, Kenya, Wanjiru et al., (2019) looked into how assembling businesses' performance was affected by corporate strategy. The study's goals were market expansion, product development, and upgrading. The link was evaluated using summary data from 148 assembling businesses in Nairobi City County, Kenya. The results of the study revealed a beta coefficient of 0.172 and a p-value of 0.007, indicating that all of the factors significantly and fundamentally influence the execution of assembling companies. According to the findings, a one-unit increase in market expansion methodology results in a 0.172-unit increase in the number of assembling firms in operation. Directors and strategists of assembling companies must be aware of the importance of developing and implementing corporate systems within their organizations to enhance execution. The study focused on assembling business in Nairobi. The research study has its focus the Supermarkets in Nairobi City County.

Wanjiru (2016) analyzed product diversification procedures as a factor in Real domain

organizations' execution in Nairobi City County, Kenya, for the study. The review's goals were as follows: to determine how concentric item enlargement, level item enlargement, combination item enlargement, and item expansion system affect company performance. For clarifications of the concept of specific connections to be looked for between the autonomous and subordinate variables, the illustrated examination configuration was used 231 people participated in the study, and SPSS was used to analyze the data. The results show that a few concentric and combination expansions were thought to have a significant impact on business performance. The study suggested that land organizations should devise great plans to assist in better managing the risks associated with the expansion process as a whole, such as rules on the per unit cost of improved products and risk management procedures. The review was led in the Real domain organizations in Nairobi City County. The current study focused on Supermarkets in Nairobi City County.

#### **2.3.4 Market Development and Organizational Performance**

Khalid (2018) studied the effect of marketing blend on the SME sector in Oman. The purpose of the review was to highlight the role of promoting blend in achieving the achievements of SMEs in Oman. The information that was gathered was broken down using an expressive analysis method to determine how much of an impact the marketing mix had on the SME sector's advantage in Al Buraimi. The information was gathered through a survey that was given to small and medium-sized businesses in the Al Buraimi region (OCCI).100 small and medium-sized businesses made arbitrary choices; However, due to missing data, only 75 polls were processed. The results showed that Al Buraimi's SMEs have a significant impact on all of the marketing mix components (item, value,

location, and advancement). In order to compete with rivals both local and global, the SME sector in Al Buraimi needs to improve the quality of its products, distribution channels, and development methods. As a result, the SME sector ought to provide reasonable products and services taking into account the clients' pay levels and lifestyles. Based on the information in GAP, this study was not conducted locally, so, the current study will be done locally with an emphasis on Nairobi City County.

A research by Nderitu (2017) focused on the impact of retail network development on the advantage of oil advertising enterprises in Kenya. All 110 employees at Vivo Energy's central command served as the study's objective population. A well-defined irregular inspection method was utilized to choose half of the target population of 55 people which made the sample size. Survey was utilized as primary information assortment instrument. Factual bundles for sociologies were used to dissect quantifiable information using both illuminating and inferential measurements (SPSS version 22). Recurrence conveyance, rates, proportions of focal inclinations (mean), and proportions of scattering were examples of insightful findings (standard deviation). Charts and diagrams were then used to present the information. The investigation discovered that retail network development impacted the upper hand of Vivo energy. Vivo Energy ought to look to build its branch network much more. Likewise, they ought to zero in additional on regions lacking fuel stations, forthcoming local locations and creating towns. This study was done in oil promoting firms in Kenya. The current study looked to fill the information gap by centering in Supermarkets in Nairobi City County.

A research by Tangus (2017) aimed to determine how market development methods affected execution in Kenyan commercial banks. Impartially, the review looked to lay out the impact of market development systems on execution of business banks thinking about three significant techniques; Market challenger, market pioneer and market specialty procedures. Respondents of the review were 3 ranking directors in every business bank chose haphazardly. Graphic exploration configuration was utilized and proportionate basic arbitrary examining strategy was utilized. In generally, the review's strongest areas were found to have correlates between company execution and the three market development approaches that all had a significance of over 95%. The review figured out that staff obligation to the execution of development methodologies is essential and accordingly firms ought to guarantee that there is improved staff and the executive's responsibility towards execution accomplishment. Item re-designing ought to be finished to concoct contending new, one of a kind and extraordinary item that are cutthroat on the lookout and custom for explicit customers. This study significantly centered around the impacts of market development systems on execution in Kenyan business banks. The current study was engaged in Supermarkets in Nairobi City County.

According to Mwau, Oloko, and Muturi's (2016) study on the impact of market development strategy on the operation of businesses in the Kenyan protection industry. The review proposed that organizations should be very wary in picking the business sectors to enter if at all it is to perform except for those organizations that are getting a charge out of steadfastness from strong brands. Available improvement procedure, the review prescribed firms to seek after it with much caution since refuting the exhibition of

an organization mostly in the protection sector is known. The current research looked to fill the information gap by centering in Supermarkets in Nairobi City County.

## 2.4 Summary of Literature Review and Research Gaps

**Table 2.1: Research Gaps**

<b>Author</b>	<b>Focus of the Research</b>	<b>Study Methodology</b>	<b>Research Findings</b>	<b>Research Gap</b>	<b>Focus on the Current Study</b>
Oladimeji (2019)	An analysis of how diversification strategy affects organizational performance	The study was conducted using a quasi-experimental, ex-post facto research design.	According to the study, diverse businesses perform better than undiversified ones in terms of ROA and ROI.	The research was carried out in Nigeria.	Supermarkets in Nairobi City County will serve as the focal point of the current investigation.
Wanjiru, A. et al. (2019)	Corporate strategies' impact on Nairobi City County's industrial enterprises' performance	The study design utilized was one of survey.	The results of the study show that corporate strategies significantly and favorably affect a firm's success.	The investigation was carried out in manufacturing companies in the county of Nairobi.	The proposed study will concentrate on supermarkets in the county of Nairobi.

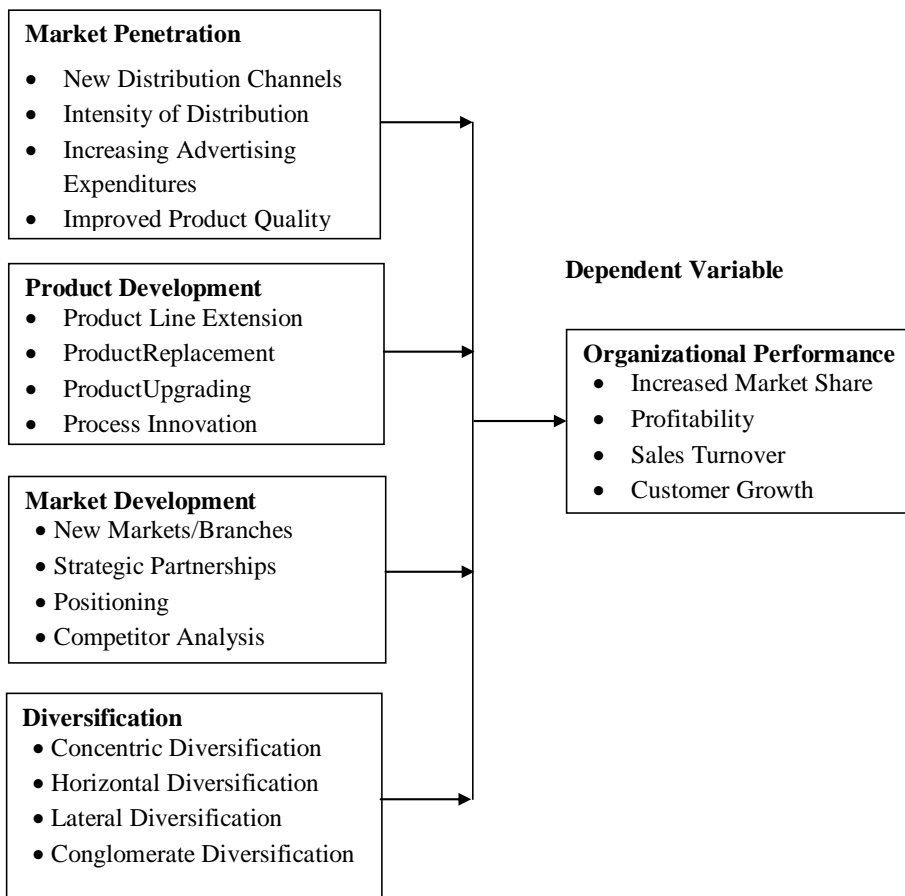
Aluga (2018)	The study looked into how new product development affected Safaricom's performance. Kenya's Kisumu.	In the research approach, the researcher employed a descriptive research design.	The study's findings showed that promotion had the greatest impact on Safaricom's performance, followed by pricing, positioning, branding, and innovation, which had a negligible impact.	The initial study was carried out in Kisumu, and the present study will take place in Nairobi.	The current investigation will center on how market penetration affects organizational performance.
Khalid (2018)	Effects of the marketing mix on the SME sector's competitive advantage in Oman's Al Buraimi Governorate	The data was analyzed using a descriptive analytic method to determine the extent of the marketing mix's influence.	The findings showed that in the instance of Al Buraimi's SMEs, all of the marketing mix components - product, price, place, and promotion have a substantial impact on obtaining competitive advantage.	The study was carried out in the UAE and concentrated on the SME industry which is a developed Nation.	The present investigation will be conducted locally and will emphasize the retail industry in a developing Nation.
Chandola (2017)	It looked at China Smartphone Companies' strategies for breaking into the Indian market.	The study used multi-case study.	Similarities in the business models of the two companies were extremely evident in the outcomes related to their client segment(s) strategy of developing cutting-edge items	The study was carried out in a developed nation. Interviews were used in the study as a data collection method.	The performance of supermarkets in Nairobi City County will be the subject of a study on market expansion plans. A questionnaire will be used

			that were affordable for them.		as a data collection tool for this investigation.
Nderitu (2017)	Development of the retail network's impact on Kenya's oil marketing companies' competitive advantage	A descriptive research design was adopted for this investigation.	The research revealed that Vivo Energy's competitive advantage was positively and significantly impacted by the growth of its retail network.	The study's intended audience consisted of Kenyan oil marketing companies.	The target market will consist of particular Nairobi County supermarkets.
Kamala (2016)	Product development's impact on the textile industry's operational performance	The instruments for gathering data were questionnaires.	The findings of the study suggest that more effective product development could improve operating performance in the textile industry.	The investigation was carried out in Taiwan, a developed nation.	Supermarkets in Nairobi City County will serve as the focal point of the current investigation.
Mwau, Oloko and Muturi (2016)	The effect of product development strategy on the performance of businesses in Kenya's insurance sector	Both open-ended and closed-ended questionnaires were employed in the study.	The study found that market development strategy, through new geographic areas, was observed to have a detrimental impact on the achievement of insurance organizations.	The research was carried out in the insurance sector.	Supermarkets in Nairobi City County will serve as the focal point of the current investigation.

## 2.5 Conceptual Framework

A conceptual framework shows the relationship between the independent variables and the dependent variable (Cathy, 2018). The independent variables in this case are market penetration, product development, market development and diversification, and dependent variable was organizational performance.

### Independent Variables



**Figure 2.1: Conceptual Framework**  
Source: Author (2022)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the numerous steps and procedures taken to complete the study. It includes the research design, target population, sample size, data collection instrument, pilot test, data analysis and presentation and lastly the ethical considerations.

#### **3.2 Research Design**

The investigation was conducted using a descriptive research design. This research design was ideal for this research because it aims to identify characteristics, frequencies, trends and categories of a certain phenomenon. By gathering information and tabulating the frequencies of the study variables or their interactions, a descriptive research design seeks to characterize or describe a subject (Cooper, 2018). Researchers can compare a wide range of factors at once when using a descriptive research design. Under this research design, it allows the researcher to compare results based on different demographics. A survey provided a wide range of data that were necessary for this.

#### **3.3 Target Population**

A large group of people, things, or events whose characteristics can be observed and evaluated is known as a target population (Kothari, 2017). The permanent employees of a few retailers were the subjects of this study's survey. The study's participants were the employees of the chosen retailers in Nairobi City County. The target group, which consisted of 122 members, included branch managers who are usually in responsible of productivity, purchasing supervisors who are in control of supply chain management, receiving clerks, deputy branch managers, and head of departments from each Unit. The

departments were selected since the people in those department are key decision makers who determine the success of the Supermarket.

**Table 3.1: Target Population**

<b>Department</b>	<b>HOD</b>	<b>Target Population (N)</b>
Finance	Finance Manager	39
Human Resource	Human Resource Manager	23
Marketing	Marketing Manager	22
Operations	Operations Manager	32
ICT	ICT Manager	28
<b>Total</b>		<b>122</b>

**Source: Author (2022)**

### **3.4 Sampling Design**

The whole population could not be studied. As a result, the researcher selected a sample that was representative of the entire population from the aforementioned stores. The subjects of the study were carefully selected using a stratified random sampling to produce a representative sample for the study. By using stratified random sampling, all participants have an equal opportunity of being selected to participate in the study. (Creswell, 2018). In order to statistically permit generalization and to reduce sampling errors, the study used a sample of 63% of respondents.

**Table 3.2: Sample Size**

<b>Department</b>	<b>HOD</b>	<b>Target Population (N)</b>	<b>Sample Size</b>
Finance	Finance Manager	39	22
Human Resource	HR Manager	23	13
Marketing	Marketing Manager	22	12
Operations	Operations Manager	32	16
ICT	ICT Manager	28	14
<b>Total</b>		<b>122</b>	<b>77</b>

**Source: Author (2022)**

### **3.5 Data Collection Instrument**

Self-administered questionnaires with both closed- and open-ended items were utilized to obtain the primary data for the study. The responders were given enough room in the open-ended questions to ensure they could share their views and provide as much data as they could. A five - point Likert scale was used to construct the questionnaire, which was distributed using a drop - and - pick method. A questionnaire was used to collect data because it was easy to create and use, and it allowed for the examination of attitudes, values, beliefs, and motivations. To make the questionnaire conclusive, it has three sections. The acquired data underwent a quantitative analysis using content analysis tools. Questionnaires were ideal because they give a quick, effective, and cost-effective means to collect a large amount of data from large sample sizes.

When assessing participants' attitudes, preferences, intentions, and actions, these measures perform particularly well. Testing and analysis were used to evaluate the data's use, consistency, and reliability. The collected data were evaluated, interpreted, and

presented as conclusions in frequency distribution tables and graphs for ease of understanding. When entering and analyzing data, other statistical tools like mean and percentages were crucial. Simple linear regression is expanded upon by multiple regression.

### **3.6 Pilot Test**

The questionnaires were pretested in this study to ensure their validity and reliability. The analyst can distribute the results of the pilot concentrate on as well as assessing whether the thought is attainable. The researcher has a moral obligation to provide information that other users of information who are interested in research will need. As such, the test involved 22 staff members from different Supermarket who are not part of the current research but they share common characteristics thus making them the most ideal for pilot testing. Wallen (2016) asserts that pilot testing should be done on 10 percent or less of the target population. In this case, the researcher used 10 percent of the target population

#### **3.6.1 Validity of Research Instrument**

Validity refers to a measurement instrument's capacity to distinguish itself either directly from another measure of the same construct or indirectly from another measure of a different construct. It is possible to demonstrate the test's validity by contrasting it with another valid test. Content validity refers to a test's capacity to capture or reflect all of a concept's information. According to Wallen (2016), validity is the quality associated with the degree of conformity required to establish knowledge or truth. It discusses the measurement range that an instrument can or should cover. To ensure that everything on the poll is appropriately outlined, the surveys were changed, and the boss was counseled. Changes were made in response to the supervisor's recommendations.

### **3.6.2 Reliability of Research Instrument**

Reliability is the consistency, or more precisely the soundness, of the outcomes of tests and evaluation techniques. Mugenda (2019) suggests that a measure of reliability might be how consistent the information or results provided by the researchers' instrument are. Mugenda (2019) proposes that, in order to guarantee reliability, the test-retest procedure at two distinct times was used to determine consistency with the manner in which test items or forms were answered or that individuals' scores remained relatively constant. As a pilot test, the questionnaire is given to the same group twice, one week apart, and the results are compared. In response to the comments made by respondents prior to the test, the instrument was changed and improved.

The correlation between scores obtained from various tool administrations is used to determine the measuring tool's reliability. One of the most trustworthy pieces of information currently available is the Cronbach's Alpha Cronbach's Alpha was utilized in the study to calculate convergent validity, and the reliability cycle was evaluated using multiple questionnaire items. The Cronbach's coefficient's reliability ranges from 0 to 1. Because the alpha coefficient is close to 1, it means that there is a lot of internal consistency. However, anything greater than 0.7 is regarded as unacceptable. The results will be accurate if the alpha is greater than 0.7. The Cronbach's alpha was used to determine the reliability of each research question.

**Table 3.3 Reliability Results**

<b>Scale</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
<b>Market Development</b>	0.745	21
<b>Diversification</b>	0.763	19
<b>Product Development</b>	0.751	18
<b>Market Penetration</b>	0.772	19

**Source: Survey Data (2022)**

The findings as shown in Table 3.3 indicate that market development, has an alpha of 0.745, diversification has an alpha of 0.763, product development has an alpha of 0.751, and market penetration has an alpha of 0.772. This is an indication that all the variables are reliable

### **3.7 Data Analysis and Presentation**

According to Amin (2016), data analysis makes it possible to test and examine the data gathered from respondents. Testing and analysis were used to evaluate the data's use, consistency, and reliability. The acquired data are evaluated, interpreted, and presented as conclusions in frequency distribution tables and graphs for stakeholders' ease of comprehension. Quantitative data was analyzed through statistical analysis and the statistical package for social sciences was used to analyze the data. The data was presented in tables and charts. Qualitative data was analyzed by grouping the data into similar groups and mean scores, standard deviations, percentages, and frequency distribution were employed to summarize the responses.

### 3.7.1 Regression Model

The association between different variables was analyzed through a multiple regression model. The relationship equation is as shown below –

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where Y = Performance

$\alpha$  = Constant term

$\beta_1$  = Beta co - efficient

$X_1$  = market development expansion strategies

$X_2$  = diversification expansion strategies

$X_3$  = product development expansion strategies

$X_4$  = penetration expansion strategies

$\varepsilon$  = Error term- in a regression equation the error term refers to the effect of the omitted variables from an equation. Through the model it was simple to establish independent variables that are connected to the other variable which is dependent and to establish their relationship.

### 3.8 Ethical Considerations

Because a portion of the information that was obtained was sensitive, the researcher had a moral responsibility to treat the information in the most professional manner. The researcher was obligated to uphold the confidentiality of the study's participants, so their names were withheld because they might be reluctant to share certain information. Regarding confidentiality, the respondents' privacy was highly protected, and their identities were kept secret. To secure their identities and the responses they provided, the

respondents were given special identification codes. Participants were told of the study's goal and asked for their consent. The participants' right to decline or withdraw during the process was included in the informed consent, as was the anticipated length of the research. Lastly, the research sought a research permit from NACOSTI which enabled the researcher to proceed with successful data collection.

## CHAPTER FOUR

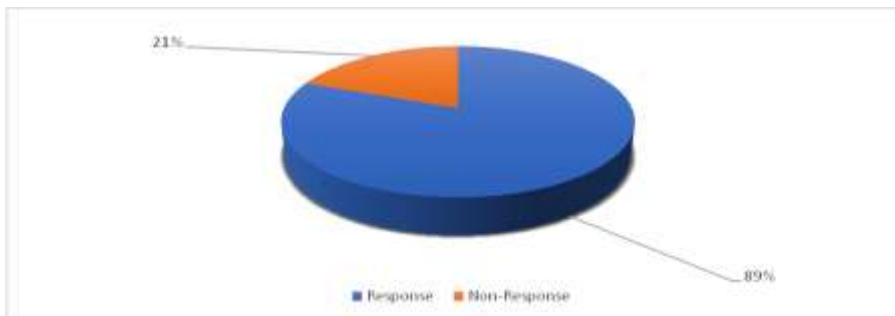
### RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Introduction

This section presents the results and findings which includes the analysis of data and interpretation of the research questions. To describe data and demonstrate the link between the study variables, descriptive and inferential statistics were used.

#### 4.2 Response Rate

In this study, 77 questionnaires were given to the workers at the selected Supermarkets in Nairobi City County. Of those, 61 were filled out completely and returned by the respondents as indicated in figure 4.1. As a result, 79% of respondents responded, which is considered adequate for the study. Matula et al. state that (2018) a pace of something like half is measurably critical for examination. The results of the study on the response rate are presented below.



**Figure 4.1 Response Rate**

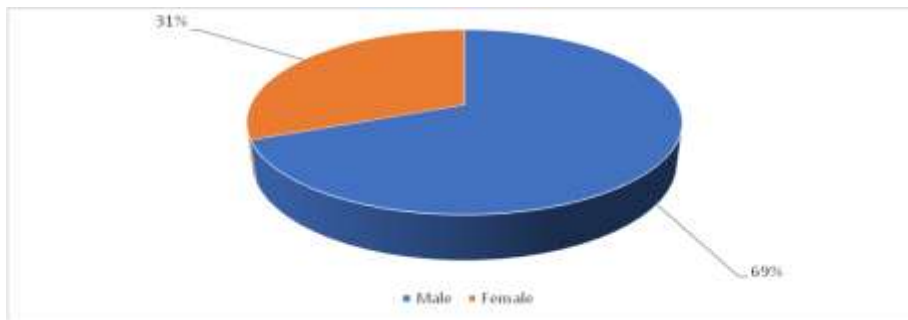
**Source: Research Data (2022)**

### 4.3 Respondent's General and Demographic Information

Under the demographic information, the respondents were asked about their general information regarding their gender, n number of years worked, highest level attained and position. The findings are indicated in the subsequent sections.

#### 4.3.1 Gender of Respondents

The gender of the respondents is indicated below Figure 4.2 which shows that the majority of the respondents were male with a percentage of 69% while the female respondents were 31%. This means that both genders were equitably distributed in this research.

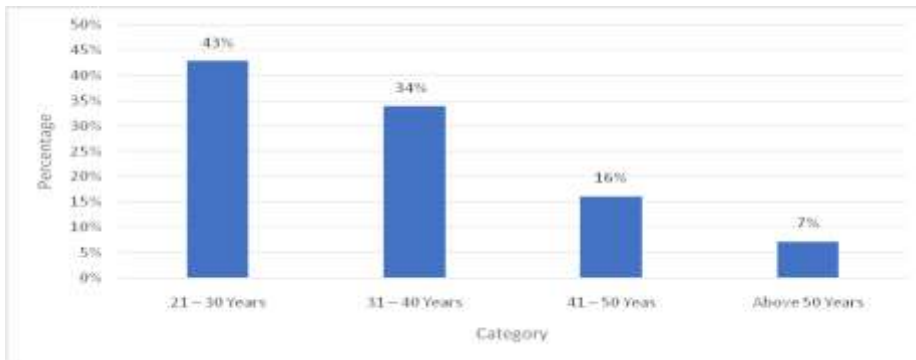


**Figure 4.2 Gender of Respondents**

**Source: Research Data (2022)**

### 4.3.2 Age of Respondents

Respondents were requested to provide their ages and the results of the same is indicated in Figure 4.3.

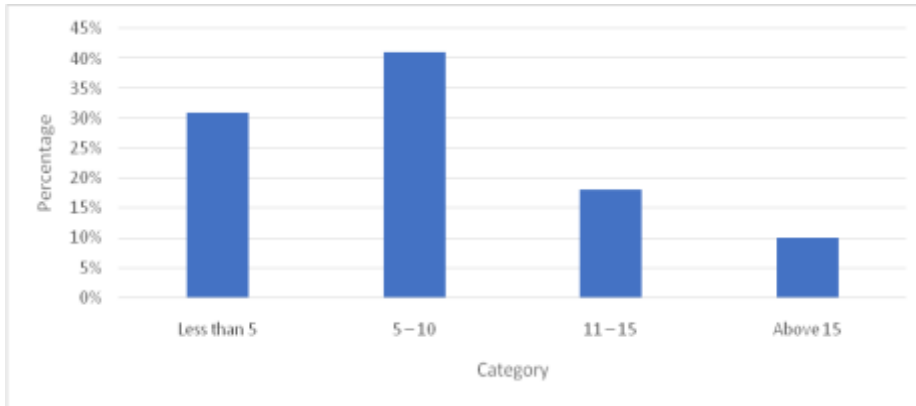


**Figure 4.3 Age of Respondents**

**Source: Survey Data (2022)**

The respondents were asked to about their age and the results are as indicated in the figure 4.3. The research findings indicated that 7% of the respondents were above 4 years. 16% of them indicated that they were between 41 – 50 years. The findings indicated that 34% was a representation of those between 31 – 40 years. Lastly, those between 21 – 30 who were the majority were represented by 26%. This clearly indicates that the participants in the study had the ability to fill the questionnaire successfully.

### 4.3.3 Work Experience

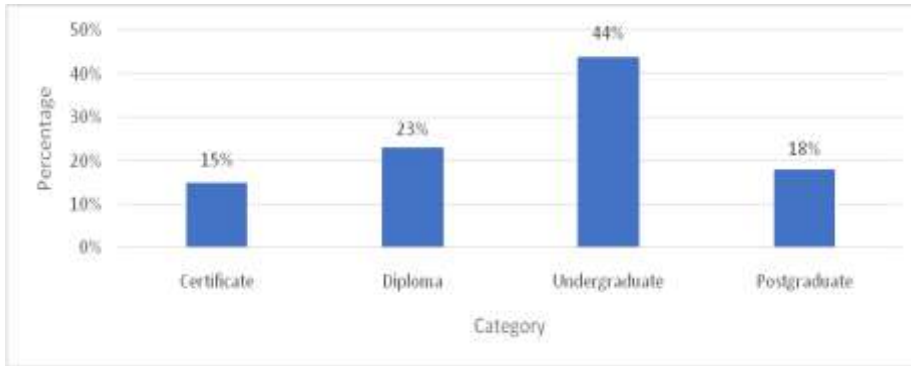


**Figure 4.4 Work Experience**

**Source: Research Data (2022)**

The participants in the study indicated their years of service in the respective Supermarkets as shown in figure 4.4. The study findings indicate that those above 15 years of experience were 6 and were represented by 10%. There was a representation of 18% which was a representation of 11 - 15 years of experience. The findings of the research indicated that less than 5 years of experience were represented by 11% and lastly 5 – 10 was represented by 31%. This is an indication that the employees were more skilled and understood how the supermarkets operated; therefore, they were knowledgeable enough about the study.

### 4.3.5 Level of Education



**Figure 4.5 Level of Education**

**Source: Research Data (2022)**

The goal of the study was to determine which participants had the highest level of academic achievement. The fact findings are as indicted are well capture in figure 4.5. Majority of the responders showed that the undergraduates were the majority with a representation of 44%. There was a representation of 23% which represented the diploma holders. The postgraduates were represented by 18% and lastly 15% represented the certificate holders. This indicates that the respondents would precisely interpret the questionnaires and reliable data was sought from the retail supermarkets.

### 4.4 Descriptive Analysis

#### 4.4.1 Market Penetration Strategy and Organizational Performance

Based on the first research objective, the study attempted to determine the relationship between market penetration strategy and organizational performance. The respondents were asked to rate their level of agreement with several elements of market penetration

strategy that likely relate to organizational performance. The different statements measured the respondents' level of agreement with regards to market penetration strategy and organizational performance.

#### 4.4.1 Descriptive Statistics for Market Penetration Strategy

A five – point Likert Scale was used where 1 indicated a strong disagreement with the statements to 5 which indicated a strong agreement with the statements, the study sought to know the respondents' level of agreement with the statements. Means and standard deviation were used as part of the descriptive statistics to measure the central tendency and dispersion of the research data. The findings are presented in Table 4.1.

**Table 4.1: Descriptive Statistics for Market Penetration Strategy**

Statement	Mean	Std. Dev
The adoption of new distribution channels enhances market penetration.	3.82	1.18
The retail stores have its products competitively priced.	3.97	1.03
Market penetration strategies leads to increment in advertising expenditures.	4.01	.990
Indoor promotion activities enhance marketing.	4.25	.750
Increasing advertising expenditures enhances market penetration.	4.121	.879
Modifying product characteristics to increase client value through higher-quality products.	4.29	.710
The retail store sets the right market prices.	4.30	.700
Marked penetration is effectively achieved with improved product quality.	4.078	.922
The supermarket provides unique products with a special appeal to the market.	4.40	.600
There is improved intensity of distribution for goods on offer	3.55	1.450
<b>Aggregate Scores</b>	<b>4.08</b>	<b>.92</b>

**Source: Survey Data (2022)**

As indicated in the findings in Table 4.1, most respondents agreed that the supermarket

provides unique products with a special appeal to the market with a mean score of ( $M = 4.4$ ,  $SD = .600$ ). There was also high agreement that market penetration is effectively achieved with improved product quality ( $M = 4.078$ ,  $SD = .922$ ). Additionally, the respondents agreed that the retail store sets the right market prices ( $M = 4.30$ ,  $SD = .700$ ). However, the respondents seemed to be neutral to the statements on the adoption of new distribution channels enhances market penetration ( $M = 4.02$ ,  $SD = 0.980$ ) as well as the retail stores have its products competitively priced ( $M = 4.23$ ,  $SD = .770$ ).

The mean range analyzed on the Likert-Scale provided a mean range of 3.80 to 4.40. This range indicated that a good number of the respondents either agreed or agreed strongly that market penetration presented in the research instrument are applied by the supermarkets. The standard deviation range for the responses is between 0.600 and 1.001. The highest variation of 1.001 between those who disagreed, agreed or were neutral. The least standard deviation was 0.600 for the supermarket provides unique products with a special appeal to the market. This implies very little variation in opinion of the responses provided for this statement.

The findings of this study differ from those of a 2017 study by Ngari and Bichanga, which demonstrated that commercial banks that used market penetration strategies were able to improve customer satisfaction and promoted innovation for specific customer needs. Regardless of whether the strategies have been implemented, this study's findings categorically demonstrate that businesses fail when organizations fail to conduct R & D. The findings concur that innovation and high quality provide an organization with advantages in market penetration. Development thusly from expanded globalization combined with advance in innovation which is accomplished by permitting passage of

unfamiliar contenders into business sectors.

#### **4.5 Product Development Strategy and Organizational Performance**

The study sought to establish the relationship between product development strategy and organizational performance based on the second research objective. The research participants were asked to specify their level of agreement with various elements of product development strategy that likely relate to organizational performance. The different statements measured the respondents' level of agreement with regards to product development strategy and organizational performance.

##### **4.5.1 Descriptive Statistics for Product Development Strategy**

A five – point Likert Scale was used where 1 indicated a strong disagreement with the statements to 5 which indicated a strong agreement with the statements, the study sought to know the respondents' level of agreement with the statements. Means and standards were used as part of the descriptive statistics to measure the central tendency and dispersion of the research data. The findings are presented in Table 4.2.

**Table 4.2: Descriptive Statistics for Product Development Strategy**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
The supermarket has a product line extension in its production.	4.25	0.750
There is systematic product replacement for all slow-moving products.	4.24	0.760
The supermarket has policies on product upgrading to enhance the product performance.	4.125	0.875
The store has products that have a broad market appeal.	3.935	1.065
The supermarket utilizes product design and technology for both the production and delivery of its products.	4.264	0.736
The supermarket ensures the offerings' dependability and quality gain importance.	4.07	0.930
The retail store product strategy is realistic and accurate.	3.85	1.15
Early adopters are used by supermarkets to provide feedback and ideas for new products.	3.84	1.16
The supermarket carries goods for various client segments (based on need).	3.772	1.228
Process innovation is prioritized in Supermarkets to enhance performance	4.241	0.759
<b>Aggregate Scores</b>	<b>4.059</b>	<b>0.0941</b>

**Source: Survey Data (2022)**

From the findings in Table 4.2, most respondents agreed that the supermarket has a product line extension in its production ( $M = 4.25$ ,  $SD = .750$ ). The respondents also highly agreed that there is systematic product replacement for all slow-moving products ( $M = 4.24$ ,  $SD = .760$ ). Additionally, they agreed that the supermarket has policies on product upgrading to enhance the product performance ( $M = 4.125$ ,  $SD = .875$ ). The respondents seemed to be neutral to the statements on the supermarket carries goods for various client segments (based on need). ( $M = 3.772$ ,  $SD = 1.228$ ). They were also neutral with the statements on early adopters are used by supermarkets to provide

feedback and ideas for new products ( $M = 3.84$ ,  $SD = 1.16$ ).

The mean range analyzed on the Likert-Scale provided a mean range of 3.48 to 4.25. This range indicates that majority of the respondents either agreed or agreed strongly that the product development strategy presented in the research instrument are applied by the supermarkets. The standard deviation range for the responses is between 0.652 and 1.228. The highest variation of 1.228 between those who disagreed, agreed or were neutral when asked whether the supermarket carries goods for various client segments (based on need). The least standard deviation was 0.652 which indicated that the supermarket ensures the offerings' dependability and quality gain importance. This implies very little variation in opinion of the responses provided for this statement.

These results are similar to those of a study that was conducted by Kiprotich, Gachunga, and Bonuke (2018). That study demonstrated how businesses can use product development strategies to become a leader in the production of new products, gain defense against rivals, and still maintain high revenue returns by concentrating on increasing efficiency and controlling product development costs. The findings of the study agreed that in order for organizations to continue producing new products, product development requires ongoing research and development.

#### **4.6 Market Development Strategy and Organizational Performance**

The study sought to establish the relationship between market development strategy and organizational performance based on the third research objective. The respondents were asked to specify whether they were in agreement with the different elements of market

development strategy that likely relate to organizational performance. The different statements measured the respondents' level of agreement with regards to product development strategy and organizational performance.

#### **4.6.1 Descriptive Statistics for Market Development Strategy**

A five – point Likert Scale was used where 1 indicated a strong disagreement with the statements to 5 which indicated a strong agreement with the statements, the study sought to know the respondents' level of agreement with the statements. Means and standards were used as part of the descriptive statistics to measure the central tendency and dispersion of the research data. The findings are presented in Table 4.3.

**Table 4.3: Descriptive Statistics for Market Development Strategy**

Statements on Market Development Strategy	Mean	Std. Dev
The new markets/branches are meant to enhance the supermarkets' market.	4.441	0.559
The supermarket has adopted strategic partnerships initiatives for improved market share.	4.424	0.576
The supermarket positioning is measured through the supermarkets' performance.	3.52	1.480
The supermarket has psychographic segmentation to attract new customers.	4.35	0.650
The supermarket has made investments in high-performance machinery to guarantee the high-quality of the products and options rendered.	4.18	0.820
The supermarket provides delivery services to the customers resulting into excellent customer experience.	4.054	0.946
The supermarket has opened branches a various major town in Kenya.	4.068	0.932
Adding new product aspects, such as alternative price strategies to appeal to various customer demographics or prospective customers.	3.92	1.08
There is introduction of new demographic segments	3.77	1.23
The supermarket has in place competitor analysis guideline to stay ahead of the competitors	4.44	0.560
<b>Aggregate Scores</b>	<b>4.11</b>	<b>.89</b>

**Comment [u3]:** Recheck this and ensure you have the right figures for mean and standard deviation

**Source: Survey Data (2022)**

From the findings in Table 4.3, most respondents agreed that the new markets/branches are meant to enhance the supermarkets' market. (M = 4.441, SD = .559). The supermarket has adopted strategic partnerships initiatives for improved market share (M = 4.424, SD = .576). It was also followed by undisputable agreement that the supermarket positioning is measured through the supermarkets' performance (M = 4.25, SD = .5480). There was also neutrality on the adding new product aspects, such as

alternative price strategies to appeal to various customer demographics or prospective customers ( $M = 3.77$ ,  $SD = 1.23$ ). The supermarket has opened branches a various major town in Kenya ( $M = 4.125$ ,  $SD = .875$ ).

The mean range analyzed on the Likert-Scale provided a mean range of 4.054 to 4.068. This range indicates that majority of the respondents either agreed or agreed strongly that the focus strategies presented in the research instrument are applied by the supermarkets. The standard deviation range for the responses is between 0.946 and 0.932. The highest variation of 0.932 between those who disagreed, agreed or were neutral when asked whether adding new product aspects, such as alternative price strategies to appeal to various customer demographics or prospective customers. The least standard deviation was 0.946 on whether the supermarket has psychographic segmentation to attract new customers. This implies very little variation in opinion of the responses provided for this statement.

The findings are comparable to those of Alkasim, Hilman, and Bohari (2017), who found that market penetration opens up opportunities for businesses to lower inventory levels, reduce costs, and improve operating performance. The findings demonstrated that the specialized market penetration strategy was actively utilized, with development and growth, client interactions, and profit margins as business objectives. Profitability, brand equity, customer loyalty, and a strong position in the marketing channel are all benefits of a proactive niche strategy. Additionally, it leads to a deeper comprehension of the customer. In contrast, this study implemented a niche market penetration strategy in terms of specialization, relationship management, and market segmentation. the current and previous studies agree that an effective market penetration strategy is essential to an

organization's success, and that businesses must employ a variety of channels to reach both new and existing markets.

#### **4.7 Diversification Strategy and Organizational Performance**

In this section, the study sought to establish the relationship between diversification strategy and organizational performance based on the fourth research objective. The respondents were asked to specify their level of agreement with various elements of market development strategy that likely relate to organizational performance. The different statements measured the respondents' level of agreement with regards to diversification strategy and organizational performance.

##### **4.7.1 Descriptive Statistics for Diversification Strategy**

A five – point Likert Scale was used where 1 indicated a strong disagreement with the statements to 5 which indicated a strong agreement with the statements, the study sought to know the respondents' level of agreement with the statements. Means and standards were used as part of the descriptive statistics to measure the central tendency and dispersion of the research data. The findings are presented in Table 4.4.

**Table 4.4: Descriptive Statistics for Diversification Strategy**

<b>Statements on Diversification Strategy</b>	<b>Mean</b>	<b>Std. Dev</b>
Diversification influences good decision making that enhance performance.	4.88	0.120
The supermarket has adopted a point-of-sale system better managing the inventory.	4.22	0.580
Adoption of lateral diversification provides new opportunities for the supermarket.	3.8	1.20
The store has products that have a broad market appeal.	4.19	0.810
Through conglomerate diversification, the supermarket has developed a number of unrelated products/goods.	4.09	0.910
The supermarket provides mobile and card payment options improving customers' convenience.	4.335	0.665
The supermarket has adopted horizontal diversification to overcome the stiff competition.	4.73	0.270
Risk mitigation strategies are reinforced through diversification in the organization	3.98	1.02
Diversification is a priority for new customer acquisition strategies	4.27	0.730
Diversification enhances new product and service features to enhance customer loyalty	4.19	0.810
The organization's ability to develop new services and products is enhanced through diversification.	4.61	0.390
<b>Aggregate Scores</b>	<b>4.30</b>	<b>0.68</b>

**Source: Survey Data (2022)**

From the findings in Table 4.4, most respondents agreed that the diversification influences good decision making that enhance performance (M = 4.88, SD = .120). The respondents agreed that the supermarket has adopted a point-of-sale system better managing the inventory (M = 4.22, SD =.580). The research findings indicated that adoption of lateral diversification provides new opportunities for the supermarket (M =

3.8, SD = 1.2). The respondents seemed to be neutral to the statements on the risk mitigation strategies are reinforced through diversification in the organization (M = 3.98, SD = 1.02). There was neutrality with the statements on diversification enhances new product and service features to enhance customer loyalty (M = 4.19, SD = .810).

From the research findings, the mean range analyzed on the Likert- Scale provided a mean range of 4.09 to 4.19. This range indicates that majority of the respondents either agreed or agreed strongly that the risk mitigation strategies are reinforced through diversification in the organization. The standard deviation range for the responses was between 0.38 and .611. The highest variation of .910 between those who disagreed, agreed or were neutral when asked whether diversification is a priority for new customer acquisition strategies. The least standard deviation was 0.220 which indicated that the organization's ability to develop new services and products is enhanced through diversification. This implies very little variation in opinion of the responses provided for this statement.

Businesses choose to diversify in order to create new opportunities for growth, profit, and employment, according to the study. However, diversification is affected by changes in the environment and high investment prices. Diversification also reduces risk by investing in a variety of assets or business operations (Zhou, 2018). Both studies agree that diversification plans require brand-new infrastructure, methods, and capabilities..

#### **4.8 Organizational Performance**

In this section, the study sought to establish the organizational performance based on the fifth research objective. The respondents were asked to specify their level of agreement

with various elements of organizational performance in a Supermarket. The different statements measured the respondents' level of agreement with regards to organizational performance.

#### 4.8.1 Descriptive Statistics for Organizational Performance

A five – point Likert Scale was used where 1 indicated a strong disagreement with the statements to 5 which indicated a strong agreement with the statements, the study sought to know the respondents' level of agreement with the statements. Means and standards were used as part of the descriptive statistics to measure the central tendency and dispersion of the research data. The findings are presented in Table 4.9.

**Table 4.5: Descriptive Statistics for Organizational Performance**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
There has been increase the profits of the outlet.	4.72	0.280
There is increase in sales volume in the retail store.	3.193	1.807
The retail store outlets and services are easily identifiable by customers.	3.788	1.212
There exists mutual cooperation between the supermarket and its suppliers.	3.771	1.229
The penetration level of the retail outlet is increased.	4.237	0.763
The supermarket has many repeat customers indicative of a strong brand.	4.286	0.714
Performance helps in increasing market share of the retail outlet.	4.298	0.702
The supermarket mostly gives rise to emergent trends resulting to the growth of its market share.	3.667	1.333
The supermarket is attractive to most customers in the city	4.366	0.634
The penetration level of the supermarket affirms its performance	4.296	0.704
<b>Aggregate Scores</b>	<b>4.06</b>	<b>0.93</b>

Source: Survey Data (2022)

From the findings in Table 4.5, most respondents agreed that there has been increase the profits of the outlet ( $M = 4.72$ ,  $SD = .280$ ). There is increase in sales volume in the retail store ( $M = 3.193$ ,  $SD = 1.807$ ). The findings indicated that the retail store outlets and services are easily identifiable by customers ( $M = 3.788$ ,  $SD = 1.212$ ). On neutrality, the supermarket is attractive to most customers in the city ( $M = 3.42$ ,  $SD = .667$ ). They were also neutral with the statements on whether the supermarket mostly gives rise to emergent trends resulting to the growth of its market share( $M = 1.333$ ,  $SD = 1.667$ ).

The mean range analyzed on the Likert-Scale provided a mean range of 4.46 to 4.62. This range indicates that majority of the respondents either agreed or agreed strongly that organizational performance is realized in the supermarket. The standard deviation range for the responses is between 0.702 and 7.14. The highest variation of .807 between those who disagreed, agreed or were neutral when asked whether there has been increase the profits of the outlet. The least standard deviation in the research findings was 0.380 which indicated that the penetration level of the supermarket affirms its performance. It can be concluded that this implies very little variation in opinion of the responses provided for this statement.

The results are in agreement with previous findings by Mahmoud and Hinson (2017) whose study findings stressed the significant need for strategies as a drivers of good organizational performance.

#### **4.10 Regression Analysis for Market Penetration Strategy**

Multiple linear regression was conducted to determine the magnitude and direction of the relationship between market penetration strategy and organizational performance. The

findings in Table 4.10 show that market penetration strategy significantly predicted organizational performance in Supermarkets in Nairobi City County,  $\beta = -0.463$ ,  $t(61) = -2.235$ ,  $p < .05$ . This shows that a unit increase in market penetration strategy causes a decrease in organizational performance of Supermarkets in Nairobi City County by about -0.46 units. Thus, the study findings conclude that market penetration strategy significantly predicts organizational performance in Supermarkets in Nairobi City County.

**Table 4.6 Normality Test**

**Tests of Normality**

	Market Expansion (D2)	Kolmogorov - Smirnov <sup>a</sup>			Shapiro - Wilk		
		Statistic	df	Sig.	Statistic	df	Sig
Organizational Performance (Mn)	0	.228	10	.152	.865	10	.086
	1	.123	9	.200*	.950	9	.686

**Source: Survey Data (2022)**

\*. This is lower bound of the true significance

a. Lilliefors Significance Correction

To determine the normality of data using the Shapiro-Wilk results we look at the 'Sig.' column. If  $P < 0.05$ , then this would indicate a significant result. Meaning the data is not normally distributed. From the table above, the p-value are both groups dependent variable, organizational performance, greater than 0.05. The data is normally distributed.

**Table 4.7: Regression Coefficient for Market Penetration Strategy**

**4.11. Summary for Regression Analysis and Hypothesis Testing on Market Penetration**

The multiple linear regression analysis established that market penetration strategy significantly predict organizational performance of Ssupermarkets in Nairobi City County,  $R^2 = 0.751$ ,  $F(4,61) = 79.48$ ,  $p < .01$ ;  $\beta = -0.463$ ,  $p < .05$ . This implies that 75.1% of the variation in organizational performance in Ssupermarkets in Nairobi City County can be explained by the market penetration strategy. The regression model was found to be statistically significant in predicting the relationship between the market penetration strategy and organizational performance as it is shown by a significant  $F$ -statistic. The coefficient for market penetration strategy means that each unit increase in market penetration strategy causes a decrease in organizational performance by about -0.463 units. The study therefore rejected the null hypothesis that market penetration strategy has no significant effect on organizational performance of Ssupermarkets in Nairobi City County. This led to the conclusion that market penetration strategy has a substantial impact on supermarket organizational performance in Nairobi City County.

Based on the study findings, the model equation for market penetration strategy was:  $Y = \beta_0 + \beta_1 X_1 + \epsilon$ ;

$$Y = 1.923 + -0.463 \text{ Market Penetration Sstrategy} + 0.20$$

#### 4.11: Regression Analysis for Product Development Strategy

**Table 4.8: Regression Coefficient for Product Development Strategy**

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig
Constant	1.766	.085		20.856	.000
Product Development Strategy	0.440	0.24	8.50	18.299	.000

Source: Survey Data (2022)

##### 4.11.1 Summary for Regression Analysis and Hypothesis Testing for Product Development Strategy

The multiple linear regression analysis showed that product development strategy significantly predict organizational performance of Ssupermarkets in Nairobi City County,  $R^2 = 0.720$ ,  $F(1,61) = 334.840$ ,  $p < .01$ ;  $\beta = 0.440$ ,  $p < .01$ . This implies that 72% of the variation in organizational performance in of Ssupermarkets in Nairobi City County can be explained by the cost leadership strategy. The regression model was found to be statistically significant in predicting the relationship between the product development strategy and organizational performance as it is shown by a significant  $F$ -statistic. The coefficient for product development strategy means that each unit increase in product development causes an increase in organizational performance by about 0.440 units. The null hypothesis in this case that product development strategy has no significant effect on organizational performance was rejected. This led to a conclusion that the product development strategy has a significant effect on organizational

performance of Supermarkets in Nairobi City County.

From the study findings, the model equation for product development was:  $Y = \beta_0 + \beta_1 X_1 + \epsilon$ ;

$$Y = 1.766 + 0.440 \text{ Product Development Strategy} + 0.024.$$

#### 4.12: Regression Analysis for Market Development Strategy

To establish whether one or more than one independent variables (market development strategy) explain the changes in the dependent variable (organizational performance) multiple linear regression analysis was conducted to determine the relationship between market development strategy and organizational performance of Supermarkets in Nairobi City County.

**Table 4.9: Regression Coefficient for Market Development Strategy**

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients		
	$\beta$	Std. Error	Beta	T	Sig
Constant	1.208	.167		7.224	.000
Market Development Strategy	.623	.050	.739	12.476	.000

**Source: Survey Data (2022)**

The multiple linear regression analysis established that market development strategy significantly predict organizational performance of Supermarkets in Nairobi City County,  $R^2 = 0.543$ ,  $F(1,61) = 155.654$ ,  $p < .01$ ;  $\beta = 0.623$ ,  $p < .01$ . This implies that

54.3% of the variation in organizational performance in Supermarkets in Nairobi City County can be explained by the market development strategy. The regression model was found to be statistically significant in predicting the relationship between the market development strategy and organizational performance as it is shown by a significant *F*-statistic. The coefficient for the focus strategy implies that each unit increase in focus strategy results to an increase in organizational performance by about 0.6233 units. The study thus rejected the null hypothesis that there is no statistically significant relationship between market development strategy and organizational performance. The market development strategy therefore has a significant effect on organizational performance.

Considering the study findings, the model equation for market development strategy was:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon;$$

$$Y = 1.208 + 0.623 \text{ Market Development Strategy} + 0.050.$$

#### 4.13: Regression Analysis for Diversification Strategy

**Table 4.10: Regression Coefficient for Diversification Strategy**

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients		
	$\beta$	Std. Error	Beta	t	Sig
Constant	1.815	.052		19.664	.000
Diversification Strategy	0.350	0.29	7.25	17.154	.000

Source: Survey Data (2022)

#### **4.13.1 Summary for Regression Analysis and Hypothesis Testing for Diversification Strategy**

The multiple linear regression analysis showed that diversification strategy significantly predict the performance of an organization of the Supermarkets in Nairobi City County,  $R^2 = 0.812$ ,  $F(1,116) = 361.815$ ,  $p < .01$ ;  $\beta = 0.350$ ,  $p < .01$ . This implies that 67% of the variation in organizational performance in of Supermarkets in Nairobi City County can be explained by the diversification strategy. The regression model was found to be statistically significant in predicting the relationship between the diversification strategy and organizational performance as it is shown by a significant  $F$ -statistic. The coefficient for diversification strategy means that each unit increase in diversification causes an increase in organizational performance by about 0.440 units. The null hypothesis in this case that diversification strategy has no significant effect on organizational performance was rejected. This led to a conclusion that the diversification strategy has a significant effect on organizational performance of Ssupermarkets in Nairobi City County. From the study findings, the model equation for diversification was:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon;$$

$$Y = 1.815 + 0.350 \text{ Diversification Strategy} + 0.29.$$

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

Under this section, there is discussion on the research results and summary of the findings from the data analysis. The findings are also discussed in line with literature review presented by other scholars. Conclusions are then drawn from the study, recommendations for improvement and further studies are also clearly laid out on the influence of market expansion strategies on the performance of Supermarkets in Nairobi City County.

#### **5.2 Summary of the Study**

The aim of the study was to find the impact of market expansion strategies on the organizational performance of Supermarkets in Nairobi City County. The study was guided by four research questions. The study adopted a descriptive research design. Data collection was done through a questionnaire to obtain information from the respondents. The target population comprised of retail supermarket employees from Nairobi. The sample for the study was seventy-seven respondents. From the study analysis, sixty one questionnaires were dully filled and returned giving a response rate of eighty nine percent. In data analysis, SPSS version twenty-four was used to analyze and summarize the responses resulting into both descriptive and inferential statistics. The output was then presented using tables and figures.

The study sought to establish the relationship between market penetration strategy and organizational performance based on the first research objective. The study revealed that applying market penetration strategy strongly and significantly contributes to organizational performance of Nairobi City County Supermarkets. It revealed market penetration strategy as an effective strategy.

The second research objective was to establish the relationship between product development strategy and organizational performance of Nairobi City County Supermarkets. The research established that the application of product development strategy strongly and significantly contributes to organizational performance of Nairobi City County Supermarkets. It further revealed that product development strategy was the most significant strategy that impacts organizational performance in Supermarkets in Nairobi City County.

The third objective sought to establish the relationship between market development strategy and organizational performance of Nairobi City County Supermarkets. It was revealed that the application of market development strategy strongly and significantly contributes to organizational performance of Nairobi City County Supermarkets. It further revealed that market development strategy was not as effective as the product development strategy.

The fourth objective was seeking to establish the relationship between diversification strategy and organizational performance of Nairobi City County Supermarkets. The study established that the application of diversification strategy strongly and significantly contributes to organizational performance of Nairobi City County Supermarkets. The

study also revealed that diversification strategy was very significant strategy on organizational performance of Nairobi City County Supermarkets.

### **5.3 Conclusions of the Study**

#### **5.3.1 Market Penetration Strategy and Organizational Performance**

The findings indicate that implementing market penetration strategies significantly and positively affect organizational performance of supermarkets in Nairobi City County, but that the lack of positive expansion on the performance of the organization can be largely attributed to the market penetration strategies already in place. Any differences in organizational performance in retail supermarkets can be explained by the market penetration strategy, meaning each unit increase in market penetration strategy can increase organizational performance by as much as the study therefore came to conclude that the market penetration strategy has a substantial effect on the performance of the organization of Supermarkets in Nairobi City County, rejecting the null hypothesis that the strategy has no significant impact on organizational performance.

#### **5.3.2 Product Development Strategy and Organizational Performance**

The findings indicate that implementing a product development strategy positively impacts organizational performance of Nairobi City County Supermarkets. A variation in organizational performance in supermarkets can be attributed to the product development strategy in place, which means that each unit increase in the product development strategy results in an increase in organizational performance of supermarkets. Thus, the study disproved the null hypothesis that the product development strategy had no appreciable impact on organizational performance in supermarkets in Nairobi City

County. This led to the conclusion that the product development strategy impacts on how well supermarkets run their businesses in Nairobi City County.

#### **5.4.3 Market Development Strategy and Organizational Performance**

The results show that applying market development strategy contributes to organizational performance of Supermarkets in Nairobi City County, the application of the market development strategies is also attributed to the growth in organizational performance of Supermarkets in Nairobi City County. Any variation in organizational performance of Nairobi City County Supermarkets can be explained by the market development plans that have been put in place meaning each unit leads to an increment market development plan causes an increment in organizational performance of Nairobi City County Supermarkets. The study thus rejected the null hypothesis that there is no statistically significant relationship between market development strategies and organizational performance of Nairobi City County Supermarkets. This led to a conclusion that the focus strategy has a significant effect on organizational performance of Nairobi City County Supermarkets.

#### **5.4.4 Diversification Strategy**

The results show that application of the diversification strategy significantly contributes to the organizational performance of Nairobi City County Supermarkets but can highly be attributed to the negative expansion of an organization to the diversification strategy in place, any variation in organizational performance in retail supermarkets can be explained by the diversification strategy each unit increase in diversification strategy causes a decrease in organizational performance. The study thus rejected the null hypothesis that market diversification strategy has no significant effect on organizational

performance of Nairobi City County Supermarkets leading to a conclusion that the market penetration strategy has a significant effect on organizational performance of Supermarkets in Nairobi City County.

#### **5.4 Recommendations of the Study**

##### **5.4.1 Market Penetration Strategy**

The supermarkets must change their prices (by raising or lowering them) in order to attract new customers. directing additional funds on marketing and advertising initiatives. modifying the product to better meet consumer issues or challenges and/or enhancing its functionality.

##### **5.4.2 Product Development Strategy**

Product re-engineering should be carried out to create innovative, remarkable products that are competitive in the market and specifically designed for target customers. The researcher further suggests that there should be clear formulation and implementation plans for the strategies, which should be followed, and that branch managers should have the necessary knowledge and skills for developing and implementing such strategies because their success or failure depends on it.

##### **5.4.3 Market Development Strategy**

Finding the correct prospects to focus on is the most important step in developing a market development plan. Supermarkets should discover out what is currently working for them. That entails researching the ideal client profiles that supermarkets are now focusing on, learning as much as can about their demographics, interests, purchasing behaviors, and everything else that may be relevant.

#### **5.4.4 Diversification Strategy**

Diversification is a type of growth strategy that involves acquiring a new market. Supermarkets in Nairobi City County need to adopt the different forms of diversification as they seek to capture more market share in the retail industry. Those diversification strategies include horizontal diversification, vertical diversification and lastly conglomerate diversification.

#### **5.5 Recommendations for Further Research**

The study was limited to the Supermarkets in Nairobi City County. Further research would be necessary to include other Supermarkets and other major urban centers such as Mombasa, Eldoret and Kisumu to be able to generalize findings on the Kenyan retail market. This way the problem which has been prevailing within the retail players can be addressed. The study was also concentrating on market expansion strategies and does not give time to the environment where the retail stores are operating which is equally important to survival and performance of organizations. There is a need for research which will clearly indicate how market expansion strategies and organization performance of retail supermarkets related with each other with the operating environment as a moderating variable is recommended.

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## **APPENDICES**

### **APPENDIX I: INTRODUCTION LETTER**

#### **REF: APPLICATION TO TAKE PART IN A RESEARCH STUDY**

I am a Master of Business Administration student at Kenyatta University. I am now conducting research on the impact of market expansion strategies on the organizational performance of Nairobi City County supermarkets. I will appreciate if you could find time from your busy schedule and complete the enclosed questionnaire(s). All the information provided will be treated with a lot of privacy and confidentiality. The views that you will express are your own personal views and not that of the organization. On your request, a copy of the complete report will be provided to you. Your timely response and cooperation will be highly appreciated.

**Yours Faithfully,**

**Daisy Munee**

**APPENDIX II**

**QUESTIONNAIRE**

Please check the appropriate box or write your response in the space provided once you have answered the questions.

**SECTION 1: PERSONAL DETAILS**

**1. Name of the Supermarket.....**

**2. Gender**

Male { }

Female { }

**3. Age**

21- 30 Years { }

31 - 40 Years { }

41 - 50 Years { }

Above 50 Years { }

**4. Work Experience**

Less than 5 Years { }

5- 10 Years { }

11- 15 Years { }

Above 15 Years { }

**5. Highest Level of Education**

Certificate { }

Diploma { }

Undergraduate { }

Post Graduate { }

**SECTION B: MARKET PENETRATION STRATEGY**

On a scale of 1 - 5, Please rate how much you agree or disagree with the following assertions about the impact of market expansion tactics on supermarket's organizational performance. where 1 denotes "strong agreement," 2 "agreement," 3 "not sure," 4 "disagreement," and 5 "strong disagreement"?

<b>Statement</b>	<b>Strong Agreement</b> <b>1</b>	<b>Agreement</b> <b>2</b>	<b>Not Sure</b> <b>3</b>	<b>Disagreement</b> <b>4</b>	<b>Strong Disagreement</b> <b>5</b>
The adoption of new distribution channels enhances market penetration					
The retail stores have its products competitively priced					
Market					

penetration strategies leads to increment in advertising expenditures					
Indoor promotion activities enhance marketing					
Increasing advertising expenditures enhances market penetration					
Supermarkets Modify product characteristics to increase client value through higher-quality products					
The retail store sets the right					

market prices					
Market penetration is effectively achieved with improved product quality					
The supermarket provides unique products with a special appeal to the market					
There is improved intensity of distribution for goods on offer					

In your opinion, do you think the market penetration strategy at the supermarkets is realistic?

.....

.....

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**SECTION C: PRODUCT DEVELOPMENT STRATEGY**

Using a scale of 1-5, how do you rank the impact of product development strategy on Supermarket's organizational performance? where 1 denotes "strong agreement," 2 "agreement," 3 "not sure," 4 "disagreement," and 5 "strong disagreement"?

<b>Statement</b>	<b>Strong Agreement</b> <b>1</b>	<b>Agreement</b> <b>2</b>	<b>Not Sure</b> <b>3</b>	<b>Disagreement</b> <b>4</b>	<b>Strong Disagreement</b> <b>5</b>
The supermarket has a product line extension in its production					
There is systematic product replacement for all slow-moving products					
The supermarket has policies on product upgrading to					

enhance the product performance					
The store has products that have a broad market appeal					
The supermarket utilizes product design and technology for both the production and delivery of its products.					
The supermarket ensures the offerings' dependability and quality gain importance					
The retail store					

product strategy is realistic and accurate					
Early adopters are used by supermarkets to provide feedback and ideas for new products.					
The supermarket carries goods for various client segments (based on need)					
Process innovation is prioritized in Supermarkets to enhance performance					

Does the organization has strategies to map out product development? Explain

.....

.....

.....

.....

**SECTION D: MARKET DEVELOPMENT STRATEGY**

Indicate on a scale of 1 - 5, how you rate the effect of market development strategy on organizational performance of the retail sector. where 1 denotes "strong agreement," 2 "agreement," 3 "not sure," 4 "disagreement," and 5 "strong disagreement"?

<b>Statement</b>	<b>Strong Agreement</b> <b>1</b>	<b>Agreement</b> <b>2</b>	<b>Not Sure</b> <b>3</b>	<b>Disagreement</b> <b>4</b>	<b>Strong Disagreement</b> <b>5</b>
The new markets/branches are meant to enhance the supermarkets' market					

The supermarket has adopted strategic partnerships initiatives for improved market share					
The supermarket positioning is measured through the supermarkets' performance					
The supermarket has psychographic segmentation to attract new customers					
The supermarket has made investments in high-performance machinery to					

guarantee the high-quality of the products and options rendered.					
The supermarket provides delivery services to the customers resulting into excellent customer experience					
The supermarket has opened branches in various major towns in Kenya					
The supermarket uses strategies like adding new product aspects, such as alternative price strategies to					

appeal to various customer demographics or prospective customers					
There is introduction of new demographic segments					
The supermarket has in place competitor analysis guideline to stay ahead of the competitors					

In your opinion, do you think the organization does adequate marketing to enhance its performance?

.....

.....

.....

.....

**SECTION E: DIVERSIFICATION STRATEGY**

Indicate on a scale of 1-5, How would you rank the impact of a diversification strategy on supermarkets' organizational performance? where 1 denotes "strong agreement," 2 "agreement," 3 "not sure," 4 "disagreement," and 5 "strong disagreement"?

<b>Statement</b>	<b>Strong Agreement</b> <b>1</b>	<b>Agreement</b> <b>2</b>	<b>Not Sure</b> <b>3</b>	<b>Disagreement</b> <b>4</b>	<b>Strong Disagreement</b> <b>5</b>
Diversification influences good decision making that enhance performance					
The supermarket has adopted a point of sale system that is better in managing the inventory					
Adoption of lateral					

<p>diversification provides new opportunities for the supermarket</p>					
<p>Through conglomerate diversification, the supermarket has developed a number of unrelated products/goods</p>					
<p>The supermarket provides mobile and card payment options improving customers convenience</p>					
<p>The supermarket has adopted horizontal diversification to</p>					

overcome the stiff competition					
Risk mitigation strategies are reinforced through diversification in the organization					
Diversification is a priority for new customer acquisition strategies					
Diversification enhances new product and service features to enhance customer loyalty					
The organization's ability to develop					

new services and products is enhanced through diversification.					
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Explain if the organization has adequately diversified in marketing activities.

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**SECTION F: ORGANIZATIONAL PERFORMANCE**

Indicate on a scale of 1-5, how you rate the organizational performance of the retail sector. where 1 denotes "strong agreement," 2 "agreement," 3 "not sure," 4 "disagreement," and 5 "strong disagreement"?

<b>Statement</b>	<b>Strong Agreement</b> <b>1</b>	<b>Agreement</b> <b>2</b>	<b>Not Sure</b> <b>3</b>	<b>Disagreement</b> <b>4</b>	<b>Strong Disagreement</b> <b>5</b>
There has been increase in the profits of the					

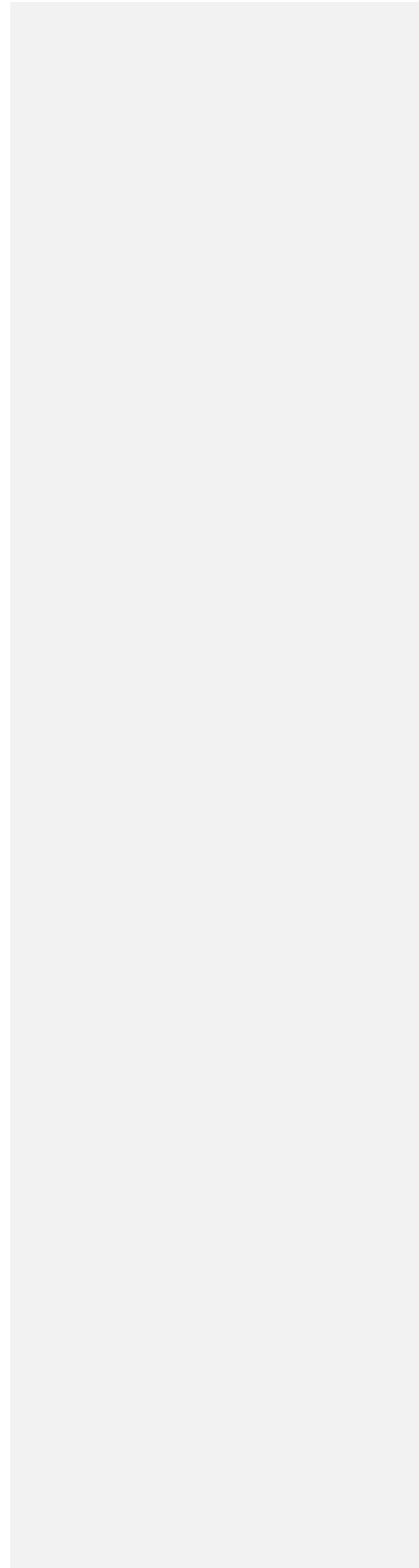
supermarket					
There is increase in sales volume in the retail store.					
The retail store outlets and services are easily identifiable by customers.					
There exists mutual cooperation between the supermarket and its suppliers					
The penetration level of the retail outlet is increased					
The supermarket has many repeat customers					

indicative of a strong brand					
Performance helps in increasing market share of the retail outlet					
The supermarket mostly gives rise to emergent trends resulting to the growth of its market share					
The supermarket is attractive to most customers in the city					
The penetration level of the supermarket affirms its performance					

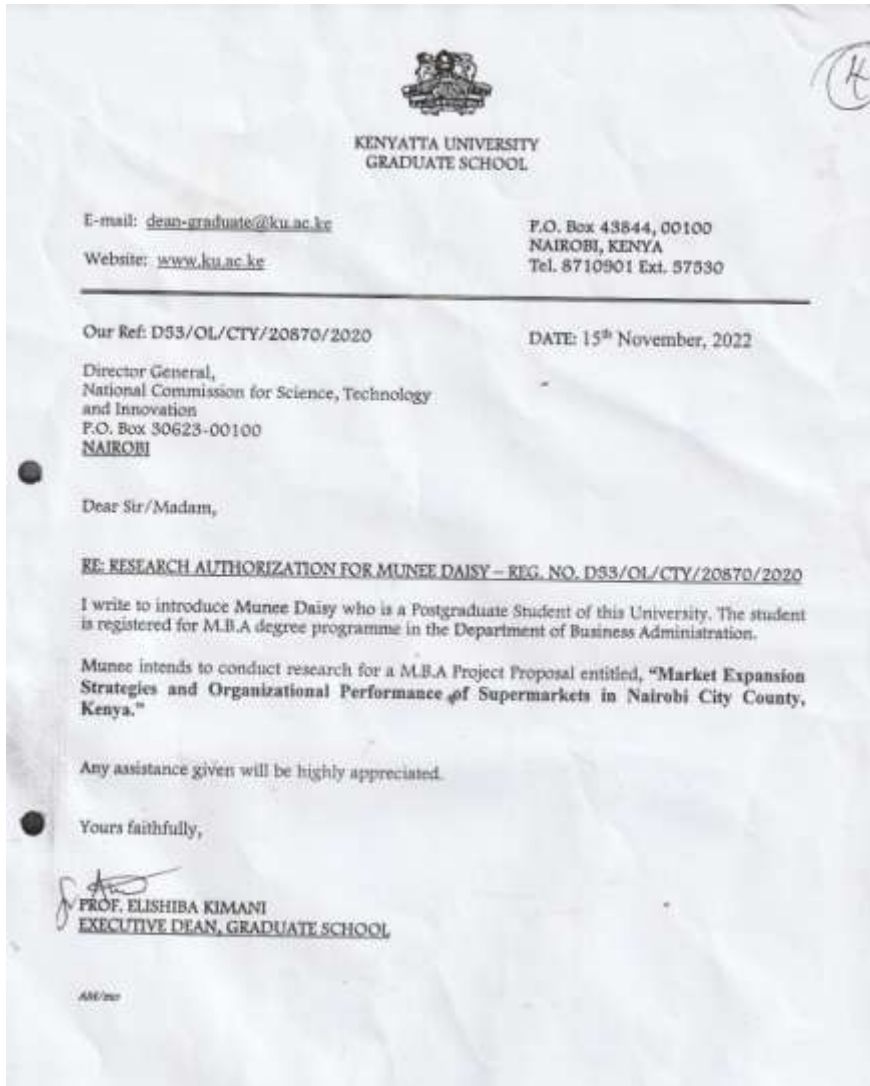
Do you agree the organization has adequate and appropriate performance indicators?

.....  
.....

**Thank you for your Cooperation**



**Appendix III: KU Graduate School Approval Letter**



**Appendix IV: NACOSTI Research Permit**

 <p><b>REPUBLIC OF KENYA</b></p>	 <p><b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b></p>
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<b>RESEARCH LICENSE</b>	
	
<p><b>This is to Certify that Ms. Daisy Mwanjiri of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic MARKET EXPANSION STRATEGIES AND ORGANIZATIONAL PERFORMANCE OF SUPERMARKETS IN NAIROBI CITY COUNTY, KENYA for the period ending 06/December/2023.</b></p>	
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