FACTORS INFLUENCING COMPETITIVE ADVANTAGE AMONG SUPERMARKETS IN KENYA: A CASE OF NAKUMATT SUPERMARKET

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ABSRTACT

The purpose of the study is to review, support and Make recommendation on factor influencing competitive advantage among supermarket in Kenya, especially on influence on product innovation, information technology, managerial capacity and relationship with suppliers on competitive advantage. The Internet revolution has led to the advancement of online business all over the world. The environmental, social, and economic aspects are significant to the e-commerce sector both to retailer and consumer. It cannot be over-emphasized how important the sustainability of e-commerce in all three dimensions is. E-commerce will allow consumers to shop online easily, at any hour of the day, using secure payment systems; furthermore, trust in retailers' websites is of paramount importance to consumers. This calls our attention to the gap in previous studies, and consequently, the purpose of this study is to fill the gap, to ensure sustainable e-commerce in three dimensions; environmental, social, and economic.

KEYWORDS: *product innovation, information technology, managerial capacity and relationship with suppliers.*

INTRODUCTION

Draft, 2011 realize that in the retail industry, differentiation between retail chains continue to decrease as the need for convenience and value added services increases, and customers have become more discerning and demanding but less loyal than before .According to Nielsen, the American information and measurement company, the number of retail stores that opened in the U.S. since 2007 is above 18,000. This large number of stores is one of the factors that led to the mass closure in 2015. Retail brands must break away from the tradition of a uniform store design, and start to differentiate and create unique stores that meet the local community's needs and taste and adopt the use of E-Commerce. These efforts should reflect in the store size, layout, decoration, and the types of stocked products with the use of ICT. This approach is cost effective and creates a unique retail store model with enough flexibility for future scaling. This has made firms to come with a competitive strategy which will enable them to strategize well. Therefore, firms develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 2007). Porter adopted a resource-based view by suggesting that an organization will have Competitive Advantage when it has resources and capabilities that are superior to its competitors, enabling it to deliver superior value (Porter, 2008). He thus proposed three basic competitive strategies that one can employ to achieve a competitive advantage. There is the Cost Leadership (low cost); product differentiation; and Focus (a niche that can be exploited) strategies. These strategies may not apply in all scenarios for example in today's hypercompetitive environments; firms do not control all resources necessary for persistently outperforming rivals (Grimm & Smith, 2006). However this statement does not have to be accurate according to some scholars. What Wright argues is that small firms have a choice of successfully competing only through focus strategy whereas bigger firm choice of either cost leadership or differentiation will not suffice and be Strategy schema does not fit the empirical reality, and there is no support that these generic Strategies are route to superior profit (John Dawes, 1996).

attractive enough (Wright, 1987, p. 96). Secondly Dawes and Sharp argues that Porter's generic According to Daft (2011), in the retail industry, to create sustainable advantage over competition, retailers are trying to enhance their product offerings, service levels and pricing models. To prevent value erosion and to protect margins, retailers are trying to reduce their cost-to-serve per customer and thereby ensure that the total cost of ownership of a customer over time is reduced (Elms & Low, 2013).But According to Freeman et al and Edquistetal(*Sustainability* **2019**, *11*(1),89; **https://doi.org/10.3390/su11010089**)

innovations in technology would have positive impacts not only on E-commerce, but also on effective and efficient methods of production. This is because when new products are produced at a lower cost; there will be high demand for creation of job opportunities. With the growing number of people taking advantage of e-commerce businesses today, and the range of products available and the possibility to compare prices, customers have moved a notch higher, and now always demand green or sustainable e-commerce shopping. It has become more necessary than ever before to establish a business brand, and not only attract, but keep customers. This will enable a company to build lasting relationships with customers as end users, and it will reduce barriers that e-commerce enterprises have not yet been able to overcome. The Internet has changed the perspective of doing business for both retailers and consumers. One can shop from the office, at home, in the car, or on the train, and the goods are delivered at home, which saves time and is convenient. Hence Buyers and sellers are able to compare prices from the various websites in different countries. Perhaps because young people have grown up with the Internet and access it through their mobile devices, they are more likely to stumble on information on their social media channels rather than seeking it out and engaging in online relationships with strangers (Douglas, Raine, Maruyama, Semaan, & Robertson, 2015). Hypothetically, sustainability communicators likely will have to understand social media cultures and communication approaches if they want to reach campus publics and have a positive impact on sustainability awareness and behaviors (https://pdfs.semanticscholar.org/12a8/259c178dffc4b5b7f3d77ce703f94321f023.pdf)

PROBLEM STATEMENT

Business Technology has become the leading and the fastest way of doing business around the world. It has foster closure of many businesses due to E-Commerce increase around the globe. Any organization has not adopted the use of Technology in doing Business is doomed to fail. Hence I discover business can really bloom by use of Technology around the globe hence improve the living standard, increased profit and foster unity among country.

Kenya's retail sector is on the cusp of a renewal, ripe for consolidation and a host of several innovative streaks as the target customers are evolving rapidly.

This is despite the fact that the retailers have not been doing well, operating in an economic slump amid numerous challenges that have rendered their business what some would refer to as an entrepreneurship minefield.

One of the key reasons for the pressure on the retail sector is the fact that the margins are usually razor-thin, ranging from around 1.5 percent to 3.8 percent. Thus, any play on price is normally short-lived and therefore an unsustainable strategy across all products throughout the year.

The rise of smaller retailers getting into the supermarket business across the country is an encouraging phenomenon because it offers certain advantages to customers who, for the most part, are driven by the convenience of buying their shopping items in one location.

But for the retailer, the low margins generally mean that opportunities for revenue growth can best be exploited through expansion and strict cost controls and introduction of non-sales income sources to meet the constant or rising wage, rental and utility bills.

These factors notwithstanding, the economic performance in Kenya has resulted in a dip in general consumption, affecting overall retail industry growth. So even as some retailers are reported to be cutting staff numbers and reviewing their business strategies and models, the fact is that all is not rosy for most, if not all retail chains.

Hence technology and the use of ICT is of paramount is doing Business ,due to closure of many retail Business I had to get to understand the cause of many business

RESEARCH OBJECTIVES

The objectives of the study were to;

i. Determine the Competitive Strategies adopted by Retail Industry in Kenya

ii. Determine the challenges faced by Retail Industry in implementing Competitive strategies formulated.

LITERATURE REVIEW

E-commerce and the advancement of technology is changing the way business. The recent census bureau estimates released by the U.S. show online sales have doubled over the last two quarters, from 15.8% to 30.2% and $142.2 million in 2017, compared to the previous year, and this is expected to triple in the next year. This is the same in China, Europe, and Africa, and to a great extent in Kenya, followed by South Africa and Nigeria. E-commerce is experiencing exponential growth due to the high penetration of the Internet and a high number of mobile subscribers. Globally, e-commerce is growing and doing three times better than expected. This has been facilitated by the use of smart-phones, which are readily available at a lower cost compared to some years ago. However, this has posed a great challenge to merchants to keep up with consumers' demands, which are changing with time

Attraction of globalization and Technological Advancement is irresistible states Downes. Improvements in distribution and logistics led some companies to become global in a very short period of time, meanwhile partners and suppliers stopped to be local ones. Customers are experiencing more freedom than ever before, shopping form all over the world (Downes, 2010). Finally this represents such a disruption in strategy that traditional forces simply cannot handle

As a solution Downess proposed three new forces that represent a new strategic framework for the time of globalization. Those are:

Digitalization came as a result of cheap communication, availability of information on ones

Competitors, suppliers and customers as well as more availability of information through public

Networks the strategy cannot be just more/better/faster (Downes, 2010). Therefore instead

of focusing on location of shopping malls for instance, now we have virtual malls present
everywhere where a customer's device is. Therefore those who blindly follow five forces model
Will not be able to see change coming in time to create advantage out of it (Downes, 2010).
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Deregulation in Government; presently tend to be more open for cross border cooperation. As a result many unions are formed (AU, COMESA, EAC), trade barriers and tariffs are being
removed. Therefore "the open market, which adopts information technology more quickly than
did industries with a legacy of regulation, is becoming a viable alternative for many activities"
(Downes, 2010). In a nutshell Downes critique suggests that Porters models put too much of focus on the economic conditions present in the era they were proposed (Recklies, 2011).

Social media tools are used widely by communicators. These social media channels provide organizations with efficient ways to spread their messages and build communities. For example, social network sites such as Facebook can affect and foster collective decision making (Iandoli, Klein, & Zollo, 2009).

Product Innovation:

A product innovation is the introduction of a good or service that is significantly improved with respect to its characteristics or intended uses and includes significant improvements in technical specifications, components and materials, incorporated software and user friendliness or other functional characteristics (Oslo Manual 2005). Design changes which do not involve a significant change in the product's functional characteristics or intended use, such as a new flavor or colour option, are not product innovations. Product innovations in services can include significant improvements in how the product is provided, such as home pick-up or delivery services, or other features which improve efficiency or speed. On the issue of product innovation, Porter reasoned that by expertly employing the cost leadership, differentiation, or focus strategies, businesses enterprises can achieve substantial and sustainable competitive advantage over their competitors in the same industry. Porter (2000) was of the thought that competitive advantage is at the heart of any strategy for a business to succeed. Indeed to attain competitive advantage any organization has to make a choice about the type of competitive advantage, it pursues to attain and the scope within which it will attain it. According to Larry downes and Paul nones the accelerating pace of Big Bang Disruption is driven by core technologies that become better and cheaper with each iteration. The most familiar of these "exponential technologies" is the computer processor, which, according to the formulation known as Moore's Law, continually becomes faster, cheaper, and smaller of doing business. Big Bang Disruption is different not just in speed but in kind from traditional forms of innovation. It is defined by three unique characteristics that drive radical new approaches to strategy, marketing, and product development. Together, these features of Big Bang Disruption create new ecosystems, more adaptable and resilient to future disruption than older supply chains. Hence I tend to use this mode of innovation to cut across boundary for penetration of the product in a new Market.

Information Technology:

Information Technology alignment to the business will seek to enable the business to maximize competitive advantage (Filippone et al., 2008). This should be aligned with the RBV theory and the Business Development Model which state clearly that alignment of organizations strengths gives defines a firm's competitive advantage. Hence to achieve maximum competitive advantage, the IT function must be in perfect alignment with the business strategy. It should be the intention and goal within all organization's to achieve a perfect state of alignment between all of its functional units, including IT will advice the management as they put into consideration the issue of technology, they should also know their target consumer by Adaptive experimentation (Wind, 2007) approach which could yield insights into the characteristics of various market segments and their response to marketing activities. One of the most important developments of recent years is the adaptation of traditional marketing research methods for application on the Internet. Dahan and Srinivasan (2000), for example, show which conjoint analysis replicates on the Internet. Of equal importance is the work by Dahan and Hauser (2002) that documents new research methods which are facilitated by the unique communication capabilities afforded by the Internet.

In business transactions, E-commerce is the most recent step in the evolution. It replaces (or augments) the swapping of money or goods with the exchange of information from computer to computer. The introduction of information technology in the retail sector has not only helped the industries flourish at a fascinating rate but has also helped people reach the global market easily and has established the name of Indian Markets in the international market. With coming up of online retail stores like (Flipkart, 2013).E-retail is a term that embraces all the ways of transacting (goods) via electronic medium. It comprises of two Business model online retails and online market places (Niraj and Negeswara Rao,2015,) Banerjee (2019) pointed out that for other companies and retailers, for selling out goods, the websites of e-commerce players such as amazon, snapdeal and flipkart served as online marketplace.

Managerial Capacity

The Key determinant of the competitive advantage of firms and a major source of enterprises is management capability (Fu & Zhang, 2012). Dynamic capabilities, as defined by Teece (2007) emphasize the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external organization skills, resources, and functional competences towards a changing environment. Distinctive firm level capabilities include processes, positions, and paths. Processes in this context refer to the way things are done in the firm, or what might be referred to as its `routines‟, patterns or current practices and learning (Kleiner, 2013). Positions refer to the current endowment of technology and intellectual property as well as the customer base and upstream relations with suppliers of a firm (Rao, 2011). Management capabilities are unique capabilities of an organization, firstly, to articulate a strategic vision and communicate it to the entire organization, providing its members with power to carry it out and secondly, to foster a beneficial organization environment relationship (Fu & Zhang, 2012). They have been found to play a significant role in explaining a firm‟s competitiveness (Molina et al., 2004).

The most important issues related to capabilities are replication and imitation. Distinctive organizational capabilities can provide a competitive advantage and generate rents if they are based on a collection of routines, skills and complementary assets that are difficult to imitate (Fu & Zhang, 2012).

In an organization, change management can be defined as an approach to deal with change in two different areas - the organization and the individual, with individuals and the overall organization adapting to change at their own pace and style (Rouse, 2014). Change management allows the organization to catch an opportunity to gain a competitive advantage, if the organization effectively and efficiently implements and adapts to the change of the market (Du Plessis, 2007). There are three stages in change management, which are adapting to change, controlling the change and lastly effecting the change. The first stage, adapting to change, is determining the individual readiness to adapt to the changes and their willingness to commit to the change. The second stage involves controlling the change and implementing it in daily life. Lastly, effecting the change is to sustain the change and to get used to it in life. (Hritz, 2008). them a sense of belonging to the organization, which inspires loyalty and commitment to the company (Schein, 2010). A good organizational culture not only improves the performance and reduces the turnover rate of the organization; it also facilitates the solution of internal issues in the organization. When a good organizational culture is established, that does not discriminate based on races, religious and etc, it provides a pleasant environment to work in, thereby reducing internal conflict and encouraging discussion and cooperation in order to work through any interemployee issues that crop up. In addition, good organizational culture encourages a sense of healthy competition, motivating employees in the organization to be more innovative. Therefore, a strong organizational culture can change the overall performance of the organization.

i) Learning

It is important to encourage employees in order to help them in the organization learn through certain types of motivators, such as rewards or position (Azzam, 2014). Procedurally, learning is one of the ways to improve the overall performance of the organization. Apart from employees that need to improve in their efficiency also all segments of the leadership levels of an organization should be involved, if only to set a good example to the bottom line to motivate them to learn. Leaders should join leadership training programs in order to strengthen their skills and knowledge, making them more effective in their strategies and execution (Freifeld, 2013). The same goes for employees, as sending employees for further training will improve their ability to do their job as well as help to facilitate the effective implementation of the desired changes. This helps the organization to increase the productivity and performance of the employees (Abou-Moghli, 2015). Since learning does not have an end, leaders need continuous improvement of their leadership skills and knowledge to be competitive in the business market nowadays (Park, et al., 2014). If an organization or leader stops improving and as a result find that their skills and knowledge are insufficient, their company will surely find itself deteriorating. The organization, Nokia, is a very good example, Nokia was once one of the best cell phone brands in the world, but Nokia did not continuously improve their skills and make changes in order to adapt to the new trends and needs of the market, and Nokia dropped from the one of the best to a brand that not many people pay attention to (Lee, 2013).

ii) Teamwork

The most important thing as an organization to encourage the employees of the organization to be innovative and cooperative. Teamwork and communication are the best way to create innovative ideas in order to produce the best outcome for the organization (Maxwell, 2009). To produce their desired outcome; while old style management orders employees to follow directives while the upper management is focused on planning and both are separate and do not work together. Besides that, the current business environment requires organization to make changes in order to keep up with the rapid changes in the business environment. If the organization fails to make changes in order to adapt to the market they will fail to survive and will face bankruptcy. Leadership is in charge of providing a clear vision and a systematic way to effective achieve that vision, for if there is no leadership there is no change in organization management (Atkinson, 2015). Although leadership can bring lots of changes and increase the organization’s performance, but in reality there are more factors to consider that might affect the possibility of the changes to occur. Every employee’s behavior and attitudes are different, some employees might be able to easily adapt to the change but some will resist the change; some might accept the ways of their leaders and learn from the action of their leaders but some will become jealous of their leaders and refuse to cooperate. This would drag the performance of the organization down.

Relationship with Suppliers

Strategic partnership emphasizes direct relationship and long-term and encourages mutual planning and efforts to resolve problem. Supplier organizations can work together more closely and eliminate useless time and effort. Effective partnerships with suppliers can be critical factor to guide supply chain management (El-Deeb, 2013).The main objective of strategic partnerships with suppliers is increasing the functional capability desired supplier (Rosenzweig, 2003).

The success of supply chain management encompasses customer integration at the downstream and supplier integration at the upstream, considering that each entity in a supply chain is a supplier as well as a customer (Thatte, 2007). Good relationship with business partners, including key customers are important role to success of supply chain management practiced by organization (Tathee, 2007). They also add that information sharing pertaining to key performance metric and process data improves the supply chain visibility thus enabling effective decision making. Information shared in a supply chain is of use only if it is relevant, accurate, timely, and reliable (Simatupang & Sridharan, 2005). Information sharing with business partners enables organizations making better decisions and making action on the basis of greater visibility (Tathee, 2007). Lumnus and Vokurka (1999) cited in Thatte (2007) stated that in order to make the supply chain competitive, a necessary first step is to acquire a clear understanding of supply chain concepts and be willing to openly share information with supply chain partners. In business competitive world nowadays, business organization should to develop their supply chain in order to get customer responses

CONCLUSION

Retail Industry in Kenya has expanded significantly in the last ten years as a result of population increase, urbanization, a growing middle class, and a financially attractive business environment. The sector will continue to grow at a compound annual growth rate (CAGR) of 4% at constant 2016 prices over the 2017 to 2021 forecast period, according to Euro monitor International 2016 **estimates. The value of sales in the grocery retail sector**

reached $7.4 billion from 103 410 retailers in 2016, according to Euro monitor International.

The penetration of formal retail establishments estimated at 30% is mainly concentrated in the urban and suburbs. Informal establishments continue to play a dominant role in stabilizing the sector with over 70% of Kenyans doing their shopping at kiosks/dukas, and roadside stalls. The local retail chains still maintain dominance evidenced by countrywide and regional coverage in the retail sector despite intense competition from the new entrants. The entry of international players in Kenya's retail market space, the increasing purchasing power of a growing middle class, a robust macroeconomic growth, and affordable retail space attributed to a proliferation of shopping malls in the last five years and, among other factors has led to continued expansion of
Retails.

An emerging trend in the distribution channels is online retail platforms such as Jumia (an online food delivery business), OLX, and Kilimall, supported by mobile payments, increased internet penetration, access, and usage. Kenya's internet penetration stands at 82.6%, according to the Communications Authority of Kenya (CAK). The retailers are also increasing space for general merchandise such as footwear, apparel, and sports goods to tap into the growing consumer market, and to grow sales revenues.

The Kenyan retail sector remains largely informal, including small local shops ('dukas'), table-top kiosks, market stalls, cosmetic outlets, telecom kiosks and pharmacies. According to research by Nielson, large majorities of Kenyan shoppers frequent dukas (95%) and kiosks (92%). Nonetheless, Kenya's formal retail sector is highly developed by African standards, with 89% of shoppers reporting that they frequent supermarkets.

Small retailers are also in the midst of expansion in Kenya, including Mulleys & Sons, Green Mart, Quick Mart, Maathai Supermarket, East Matt and Clean Shelf.

Kenya's e-commerce market is worth an estimated USD 47.3 million. Key players in the country's online shopping scene include Jumia, Kilimall and OLX. Hence as technology is moving faster ,more customer are moving to online shopping whereby ,I will put as a recommendation that the business in retail world is coming at our door step ,hence all retails they should move with fast speed in adopting to new online shopping. Hence change is evitable in Business world.

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