

ISSN: 2320-8848 (Online)

ISSN: 2321-0362 (Print)



# *International Journal for Management Science And Technology (IJMST)*

**Volume 3; Issue 11  
Manuscript- 1**

**“LOCATION AS A COMPETITIVE STRATEGY BY  
SUPERMARKETS OF KAKAMEGA TOWN, KENYA”**



**Purity N. Muchere**  
*MBA Student,  
University of Nairobi,  
Kenya*



**Gerishom W. Manase**  
*Part time Lecturer and PhD student,  
Jomo Kenyatta University of Agriculture and  
Technology (JKUAT), Kenya*



**Dr. B.O Wabuyabo**  
*Lecturer,  
University of Nairobi,  
Kenya*

## **Abstract**

The use of location by the supermarkets in Kakamega town as a competitive strategy was the objective of this study. Shoppers will prefer to visit a supermarket and get all the products they want under one roof. Besides, there is no bargaining or haggling in a supermarket. This has seen the growth of supermarkets in Kakamega to four, namely; Tuskys, Nakumatt, Yako and Wallias. This was conducted in supermarkets in Kakamega town using descriptive research. Questionnaires, interviews schedules and observation were used as instruments of data collection. Location strongly influences buying behaviour in Kakamega. The current location of supermarkets is not likely to change soon but they are supposed to put in place strategies that would counter distance issue. This was evidenced when the supermarkets near the bus stage and a bank received large numbers of customers irrespective of their high prices they charge. Further research to be done on other strategies including price, quality of service and promotional activities.

**Key Words: Competitive strategy, competitive advantage, Location, marketing, Supermarket**

## **1. Introduction**

The specific contribution of marketing in the organization lies in the formulation of strategies to choose the right customer, build relationships of trust with them and create a competitive advantage. Therefore, for the organization to cope with the outside world of customers and competitors, it is necessary to train and motivate all staff within the organization to provide the appropriate level of service to customers. Having accurate and reliable information on customers is an essential ingredient in strategic marketing; with aid of modern technology and appropriate software, organizations can develop a customer information file which is accessible and designed to aid decision making (Ma.cristina, 2012).

A competitor orientation in the business system views customers as the ultimate prize to be won at the expense of rivals. A competitor orientation implies that the organization attempts to capitalize on the weaknesses of vulnerable competitors to win market position and customers from them, which in turn produces a high level of sales and long-run profits. At the same time, the organization attempts to remove its own weaknesses to defend market position and to minimize the loss of customers to competitors (Frank, 2002). Successful marketing strategies take advantage of the organization's capabilities but recognize that no capability

gives a permanent advantage and the choice of marketing strategies determines positioning choices which in turn determine not only which activities to perform and how to configure individual activities but also how they relate to one another (Ma. cristina, 2012).

The study was guided by Porter's theory of competitive advantage (1980), which identifies five competitive forces namely: Potential entrants, Buyers, Substitutes, Suppliers and Industry competitors that define the rules of competition in an industry. He notes that, the goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor. Therefore, the essence of formulating competitive strategy is to relate a company to its environment.

Eisenhardt and Brown's (1998) theory of competitive on the edge as cited by ( Whalley 2010) conforms to this study because it suggests that strategies based on flexibility, experimentation and continuous change and learning can be more important than rigorous analysis and planning. It further argues that, firms develop a 'semi-coherent strategic direction' which requires them to create and maintain balance between order and chaos. By competing at the 'edge of chaos', a firm creates an organization that can change and produce a continuous flow of competitive advantages, that forms a 'semi-coherent' direction. Firms should not just well react to change, but must also do a good job of anticipating and leading change. This theory is good for this study because of the dynamic nature of the business environment occasioned by changes in technological advancements and globalization.

According to Resource Based Theory resources are inputs into a firm's production process; can be classified into three categories as; physical capital, human capital and organizational capital (Crook, 2008). A capability is a capacity for a set of resources to perform a stretch task of an activity.

Each organization is a collection of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns. In the 21st-century hyper-competitive landscape, a firm is a collection of evolving capabilities that is managed dynamically in pursuit of above-average returns. Thus, differences in firm's performances across time are driven primarily by their unique resources and capabilities rather than by an industry's structural characteristics (Crook, 2008).

Competitive Strategy according to John and Scholes (2006), strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of the markets and fulfill stakeholder's expectation. Strategy formulation is vital to the well being of a company or an organization. Competitive strategy consist of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). Competitive strategy therefore earns competitive advantage by establishing a favourable, profitable and sustainable position against the forces that determine industry competition (Porter, 1980).

Competitive advantage according to Porter (1980), competitive advantage is the strategic advantage one business entity has over its rival entities within its competitive industry, it can also be said to be the advantage that a firm has over its competitors, allowing it to generate greater sales or margins and retain more customers than its competitors. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support, achieving competitive advantage strengthens and positions a business between within the business environment.

As defined by Thompson and Strickland (2002) a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending itself against competitive forces. They further argued that accompany competing in the market place with a competing advantage tends to be more profitable and is likely to earn higher returns than one competing with no advantage. Strategy is therefore mandatory for any firm that intends to succeed in its endeavors and must be distinct enough to set the organization apart from the rest of the competition. Therefore organizations that capitalizes on customers' active participation in organizational activities can gain competitive advantage through greater sales volume, enhanced operating efficiencies, positive word of mouth publicity, reduced marketing expenses and enhanced customer loyalty.

Kotler (2003) has defined the marketing strategies as the set of marketing tools the firm uses to pursue its marketing objectives. Payne (1993) describes the marketing mix as the internal elements or ingredients that make an organization's marketing programmes. He however asserts that the 4P's model of product, place, promotion and price is unnecessarily restrictive and recommends an extended marketing mix that should include people, processes and

physical ambience. Firms seek competitive advantage and synergy through a well integrated program of marketing mix elements (Walker, 2011). Brodrechtova (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors. The marketing strategies have a major impact upon the efficiency and cost structure of an enterprise.

Thuo (2008) looks at the broad perspective of the marketing mix and expounds that, for instance, price is more than simply the amount of money that the consumer pays when making the purchase. It also encompasses credit or finance deals, any discounts, special offers, and additional deliveries changes. Place or distribution is not just about the physical movement of products from manufacturer to consumer. It is also about the ease of access to products, the way they are displayed and the environment in which they are presented. Product is not just the physical item presented for sale; it also deals with the image that is created for the product through branding and the level of customer service that accompanies it and promotion is more than advertising. It should also cover all aspects on the way in which the organization communicates with its customers and other interested groups including its own employees.

Collier (1991) argued that the 4Ps traditional model should be expanded to become the 7Ps services management. These 7Ps can be used to formulate a marketing strategy by which a service company can achieve a competitive advantage. Each one of the 7Ps of the service management paradigm can be viewed as an opportunity to gain competitive advantage and define business strategy. Smith and Saker (1992) argued that the marketing mix elements are considered an essential element of any marketing strategy.

Kakamega County has four Supermarkets and mini supermarkets namely; Tuskeys, Nakumatt, Mama Watoto, Wallias (Kenyaweb 2015). The rise of supermarkets in developing countries has received considerable attention in the development economies Literature over the past few years (Reardon et al, 2003). That literature shows that supermarkets are spreading quickly in urban areas and are modernizing their product procurement systems differentiating them from those used by traditional retailers and wholesalers. According to Neven & Reardon (2004) supermarkets in Kenya are giving an annual rate of 18% and have a 20% share of the urban food market overall.

### **1.1 Research Problem**

The global business environment today and shifting economic activities between and within regions are imposing new competitive pressures on companies, which in turn create the necessity for competitiveness (Tharnurjan and Seneviratne, 2009). On the other hand, internet-based technologies have simplified the communication integration of consumers and suppliers, helping to achieve new competitive advantages driven by information technologies, building wider information sharing process and improving business performance (Borges-Tiago, 2008). The emergence of the two, have given consumers greater bargaining power by providing them with full information about actual market prices and even supplier costs.

Strategy implementation is usually a challenge to many organizations. Many companies develop good strategies that do not fully implemented due to various reasons. The success rate is very low. Only 10 to 30 percent of the chosen strategies get implanted Raps and Kauffman (2005). Companies do not find difficulty with formulation of strategy the difficulty comes with implementation as it is not each to implement a stagy (Sterling 2003 as a result Sterling (2003) states that a study that undertaken showed that only 30% of strategies are properly implemented by companies and this obviously needs improvement.

Lack of access to markets is one of the major obstacles to supermarkets development not only in Kenya but in the whole of Africa. The size of the market for many in the informal sector depends on personal relationships or the goods being customer designed.

Due to poor market research, there is frequently a big discrepancy between the supplies of a demand for consumer products. Oversupply, often occasioned by too many enterprises producing too many products, leads to dead stock and business stagnation. On the other hand, failure to respond to market demand with desired products in good time other takes business away from the supermarkets to more established firms who are better place to ague market trends. Thus unless, supermarkets can be assisted to come up with effective kiting and laws channels/techniques and streets, most of them are bound to continue performing at low legs or go out of business altogether (Mbugua, 1999).

To maintain competitive strategic posture, Supermarkets had adopted different strategies: Location, Price variation and Promotion and Improved customer services to serve a given segment of consumers. However, there is no unique strategy that succeeds for all Supermarkets in all situations and therefore necessary to consider organization's position in

technology and its relationship to customers, competitors and suppliers. Therefore, there was therefore need to evaluate those strategies and then identify one with greater returns. The research will try to answer the general research question; which marketing strategies do supermarkets in Kakamega town, Kenya need to adopt in order to gain a competitive advantage in the market?

## **1.2 Research Objectives**

The main objective of the research study is to evaluate Location as a Competitive Strategy by supermarkets of Kakamega town, Kenya to gain a competitive advantage.

## **2. Literature Review**

### **2.1 Introduction**

To obtain competitive advantage, companies are required as soon as possible to adapt to the competitor's environment with fast answers, improving and or reforming processes and implementing strategies appropriately according to Price, (2003) as cited by Shiplap, (2009). Additionally, companies are required to develop their learning capacities since superior knowledge is what achieves competitive advantage and organizational competence creation, (Shiplap, 2009).

Competencies development is an essential element for organizational effectiveness in which organization members' knowledge plays a direct and central role in acquisition and organizational competence development (Andreadis, 2009). Different studies have indicated that companies that correctly leverage knowledge to extend competencies tend to increase efficiencies in operations and process innovation, while also improving service to clients to satisfy demands that arise in the market (Desouza and Awazu,2006; Thanurjan and Seneviratne, 2009), such that the extended organizational competences depends on management capability and implementation of business strategies (Bismuth and Tojo, 2008; De Long and Fahey, 2008; Roth, 2003). Competence creation depends more and more on processes (business strategies) development at operational level (Doving and Nordhaug, 2010). In the business environment, organizations seek to maximize returns by creating competitive advantage in identifying, providing, communicating and delivering value to customers.

In order to improve competitiveness, Supermarkets are growing rapidly, adopting aggressive strategies to attract customers due to emergence of new supermarket formats and competition

between supermarkets. Thomas (as cited in Ma.cristina, 2012) in their study on rapid rise of supermarkets in developing countries, induced organizational, institutional and technological change on Agri-food systems, he highlights that with the rapid transformation of the retail sector, the share of supermarkets rose from roughly 15% in (1990) to 55% in (2002) in Latin America.

The same situation prevails in East Africa. These changes have intensified competition and organizations are moving to centralized procurement decisions instead of relying on traditional whole. Supermarkets that have adopted new strategies continue to rapidly gain share at the expense of competitors who do not differentiate themselves in anyway. Brennan (1991) surveyed retailers in small towns in Minnesota regarding the actions they had taken to compete with discounters (low prices) and the success of those actions. Providing specialized services, Offering better quality products and Improved customer service were most successful strategies. On the other hand, increasing sales and promotions, Lowering prices and Increasing advertising were least successful. In Kenya, much has not been done to evaluate the strategies that have been adopted for competitive edge especially in the supermarkets operating in Kakamega town as a result of technological changes and globalization and it was therefore the purpose of this study to evaluate them and identify the strategy that yields more returns to the supermarket.

## **2.2 Theoretical Foundations of the Study**

There are various strategies that firms can adopt in order to achieve competitive advantage over their competitors. These include Porter's theory of Competitive advantage (1980), theory of competitive edge and resource based strategy.

### **2.2.1 Porter's Theory of Competitive Advantage**

The study was guided by Porter's theory of competitive advantage (1980), which identifies five competitive forces namely: Potential entrants, Buyers, Substitutes, Suppliers and Industry competitors that define the rules of competition in an industry. He notes that, the goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor. Therefore, the essence of formulating competitive strategy is to relate a company to its environment. Knowledge of these underlying sources of competition pressure highlights the critical strengths and weaknesses of the company, animates its

positioning in its industry, clarifies the areas where strategic changes yield the greatest pay off and highlights the areas where industry trends promise to hold the greatest significance as either opportunities or threats.

All the five forces jointly determine the intensity of industry competition and profitability, and the strongest force become crucial from the point of strategy formulation. Competition moves by one firm have noticeable effects on its competitors and thus may incite retaliation or efforts to counter the move. Rivalry among existing competitors takes a form of jockeying for position using tactics like price competition, advertising battles, product introductions and increased customer service. Competition in an industry, therefore, is rooted in its underlying economic structure and goes beyond the behavior of current competitors but he notes that a firm is not a prisoner of industry structure and it can influence the five forces through their own strategies by critically analyzing and identifying key driving factors that define the industry.

For competitiveness and sustainable advantage, Supermarkets should endeavor to create value for customers which are only possible by responding with faster answers to the ever changing business environment driven majorly by technological changes. Porter however, does not include technology and government as forces that may influence competition in an industry which can be understood in isolation of the five forces. This theory will guide the study in determining the technological position and bargaining power of buyers in Supermarkets for competitive edge.

### **2.2.2 Competitive Advantage Theory**

Eisenhardt and Brown's (1998) theory of competitive on the edge as cited by (Whalley 2010) conforms to this study because it suggests that strategies based on flexibility, experimentation and continuous change and learning can be more important than rigorous analysis and planning. It further argues that, firms develop a 'semi-coherent strategic direction' which requires them to create and maintain balance between order and chaos. By competing at the 'edge of chaos', a firm creates an organization that can change and produce a continuous flow of competitive advantages, that forms a 'semi-coherent' direction. Firms should not just well react to change, but must also do a good job of anticipating and leading change. This theory is good for this study because of the dynamic nature of the business environment occasioned by changes in technological advancements and globalization.

However, the theory has not factored in technology and globalization but argues that, in successful businesses, change is time-paced, or triggered by the passage of time rather than events.

### **2.2.3 Resource Based Theory**

A major stream of research in strategic management has focused on competitive advantages and their sources. The Resource Based View aims to answer the question of why some firms outperform other firms. The heterogeneity among firms within a particular industry and the success factors of the outperforming firms are the focus of this research stream. Beginning with the works of Penrose (1955, 1959) and her “theory of the growth of the firm,” the internal view of resources and capabilities as a source of competitive advantage has received a high degree of attention. By keeping external market conditions constant, research in this area analyzes the resources and capabilities within a firm. With the seminal works of Wernerfelt (1984) and Barney (1991), research on internal focus has been reinforced.

Barney (1991) developed a framework that is based on two central assumptions. First, firms within an industry are heterogeneous regarding their resources and, second, these resources are not moveable across firms. A firm’s resources can include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. But not all resources have a positive impact on organizational outcomes. Firm resources that have the potential to generate a competitive advantage must have four characteristics. First, such resources have to be valuable, which means that a resource must have the potential to influence firm efficiency and effectiveness in a positive way. Second, they must be unique and only available to one firm.

Third, resources must be inimitable. Sustainable competitive advantages can only be generated if competitors cannot copy a resource or capability. The last attribute is the non-substitutability of a firm resource. In order to secure the strategy of a firm, resources must not be substitutable. When competing firms find a substitute for this resource, they have the possibility to implement a similar strategy and the competitive advantage will thus disappear. The resource-based approach suggests that firms should position themselves strategically based on their unique, valuable and inimitable resources and capabilities rather than the products and services derived from those capabilities. In this way, resources and capabilities

can be thought of as platform from which the firm derives various products for various markets. While products and markets may come and go, resources and capabilities are more enduring (Leonardo, 2005).

### **2.3 Conceptual Review**

This section examines the various theories and concepts on competitive advantage and supermarkets.

#### **2.3.1 Factors Contributing to Competitive Advantage**

Factors contributing to competitive advantage are those which help to implement and the company's strategic posture over its rivals in the competitive environment.

Hill and Jones (2012) states that a company is said to have a competitive advantage over its rivals when its profitability is greater than the average profitability and profit growth of other companies competing for the same set of customers. When compared to competitors, if your business has higher profitability, it is also said to have a greater competitive advantage. Competitive advantage is obtained through the business' strengths and competencies, of which are not matched by other businesses in the market. Through these strengths and competencies, the business is able to differentiate its products and services, or significantly reduce its costs, in comparison with competitors.

Hill and Jones (2012) further state that there are four factors that allow a business to gain and sustain competitive advantage; first, efficiency: this refers to achieving a high level of output from minimal input. An efficient business will save on resources such as materials, labour, time and so forth, while producing a high level of outputs such as products or services. This enables the business to reduce costs, and ultimately, gain a competitive advantage over competitors. Secondly, quality: Customers appreciate products and services offered to them that are of superior quality, that is, the products and services exhibit attributes that satisfy the customers' needs and wants over those of competitors. High quality products and services will provide your business with a point of differentiation, and thus gaining competitive advantage.

Innovation involves creating or improving products, services or processes. The development of new products, services and processes stem from new ideas, creativity and an aim to provide something that is unique and meets the needs and wants of customers. Innovative

products and processes garner significant competitive advantage as it provides your business with a position to shine and stand out from competitors. And lastly customer responsiveness: this factor addresses meeting the needs and wants of the business' target customers. Therefore, it very much intertwines with the previous three factors; efficiency, quality and innovation.

Customers seek products and services of a high caliber, at the lowest possible price, which will meet their needs, or solve a problem etc. Customer responsiveness relates to an understanding of the customers' needs and wants, and providing products and services that meets such needs in a superior way over competitors. It involves offering unique products and services at a low cost and of superior quality. Thus, achieving efficiency, quality, and innovation will lead to customer responsiveness, and ultimately garner competitive advantage.

### **2.3.2 Customer Satisfaction and Retention**

Customer retention is defined by different studies in different ways like Gerpott, Rams and Schindler (2001) define customer retention as the continuity of the business relations between the customer and company. Retention and attraction of new customer are used as drivers to increase market share and revenues (Rust, Zohorik & Keiningham 1995). In the retention of customer, it is important for the firm to know how to serve their customers. After sales services is one of the important drivers for customer retention (Saeed, Grover & Hwang, 2005). It is important for product/service provider to emphasis on the quality of product and service.

According to Lin & Wu (2011) there is statistically a significant relationship between quality commitment, trust and satisfaction and customer retention and future use of product, as retention is influenced by future use of product. Lin and Wu (2011) argued further that there is solid relationship between customer retention and quality of service/or products. It was examined that loyalty program with monetary compensation is steps toward great customer retention (Verhoef, 2003). Evidence is available in previous literature that Emotional commitment and loyalty program that gave financial incentives have positive impacts on customer retention (Verhoef, 2003).

### **2.3.3 Factors Influencing Customer Satisfaction**

Customer satisfaction is the overall impression of customer about the supplier and the products and services delivered by the supplier. Customer satisfaction can be influenced by the following factors; department wise capability of the supplier, type and quality of response provided by the supplier, supplier's capability to commit on deadlines and how efficiently they are met, customer service provided by the supplier, complaint management, cost, quality, performance and efficiency of the product, supplier's personal facets like etiquettes and friendliness, supplier's ability to manage whole customer life cycle, and compatible and hassle free functions and operations (Eniola 2006).

Challenges associated with implementing competitive advantage are those factors within/ outside the company that are not well addressed hence leading to failure in implementation of the competitive strategy. According to Awino et al (2012) in their research they identified challenges as; core competence, such as training, skills, leadership, technology, design, branding, pricing and research. Others include resource-based which consists of personnel, finance, and people. Moreover, environmental challenges such as culture, governmental, societal and compliance with international standards and stiff Competition from the competitors.

## **2.4 Conceptual Framework**

### **2.4.1 Location as a Competitive Strategy**

This the convenient place where the customers can get easy access to the services or the products. This creates convenience to the customers of different categories where they can get advantage in cutting transport costs for the buyers. It means creation of storage facilities, better delivery process directly or through intermediaries. According to Thompkins, (2006), location strategy consists of strategic decisions that are impacted by manufacturing location and facilities or support functions for each company area, handling of materials, information systems, the acquisitions and the series of logistic activities. Location has a connection backward to suppliers or forward to customers for contributing to improved performance of the supply chain, being basic to developing core competencies as argued by (Shilpa, 2009). Store location has received much attention in research on store choice.

According to Bell (1998), location explains up to 70% of the variations in the choice of grocery store based on industry research in the US. Even though location is critical as a first in a consumer decision process that requires search or the retail options and formats available

that best match the consumers' needs, the case may be different for the case of supermarkets in Kenya as consumers have different perceptions towards the supermarkets and therefore need to find out the relationship from this study.

#### **2.4.2 Improved Customer Service**

Supermarkets today face increasing competition prompting them to focus on improved customer service and promotion strategies to improve their shares of consumer purchases and wallets. Supermarket services are likely to directly expand demand for all items sold by attracting more consumers (Shilpa, 2009). On the cost side, the process of enhancing store quality through services generates an increase in costs (Ellickson, 2006).

Borges-Tiago (2008) argues that improved customer service allows the identification of customers' needs and put more emphasis on superior customer value and gives opportune answers to their needs or requirements and consequently obtaining satisfaction and loyalty. In addition to equipping the organization to cope with the outside world of customers and competitors, it is also necessary to train and motivate all staff within the organization to provide appropriate level of service to customers. Close relationship between customers and supermarket employees is not always in the best interest of the supermarket cautions (Shilpa, 2009).

Fig 1.1 Conceptual Framework

### **3. Research Design And Methodology**

Descriptive research was adopted in this research in order to answer questions concerning current behavior of consumers. The design is preferred because it makes enough provision for protection against bias and maximizes reliability (Onen and Oso, 2005). In addition, the design can be used to determine the relationship (correlation) between independent variables and depended variable (Mugenda and Mugenda, 1999). The method therefore enhances understanding and interpretation of findings.

The research targeted Supermarkets and Mini-Supermarkets operating in Kakamega town namely: Tuskeys, Nakumatt, Yako and Wallias with a population of four hundred (400) respondents on average. Kakamega town was selected because it is a cosmopolitan and attracts inhabitants from all parts of Kenya. In this study, 30% of the target population was randomly sampled representing a sample size of one hundred and twenty (120) respondents.

Thirty percent (30%) was selected as proposed by Roscoe (1975) in Uma Sekaran and Roger Bourgie's book (2009).

The study used questioning method to collect data, according to Kothari (2006), by the researcher personally using both open and closed ended questions.

A semi-structured was used to carry out an in-depth interview for marketing managers one from each supermarket to get vital information regarding formulation and implementation of strategies. An observation was done to check the prices of sampled items across the shelves from each supermarket. Secondary data was used to obtain prices of the goods that are not labeled.

Data collected was summarized and classified both qualitatively and quantitatively. Qualitative analysis of opinions was organized into themes and patterns relevant to the research method. Quantitative data was analyzed using descriptive statistics such as measures of central tendency of mean and frequency tables and correlation using Microsoft excel. Frequency distribution tables and graphs were used to organize and give a summary of the collected data and display in a meaningful and understandable manner so as to aid in describing and interpreting the outcome of the research.

## **4. Data Analysis, Results And Discussion**

### **4.1 Presentation of Response Rates**

Customers from the four supermarkets in Kakamega town were studied and were tabulated as shown in Table 4.1

Table 4.1: Customer Distribution

Source: Research Data, 2015

Most customers preferred Yako supermarkets, this was evidenced from the tabulated information which showed that 44% of the respondents died eir shopping at Yako followed by Turskys with 27%, Nakumatt with 23% and las was Wallias with 7%. It so imperative to note that in all supermarkets, customers paid for their purchases in cash. This was an indication that most people lacked information about other modes of payment like the use of visa cards, travel card and other electronic means of payment.

### **4.3 Qualitative and Quantitative Analysis**

The researcher applied both qualitative and quantitative analysis for this research. Observation of prices of commodities, observing distance of supermarkets from the main stage and interview to marketing managers composed of the quantitative analysis while the correlation analysis, means and percentages presented the quantitative techniques.

### Location

For easy accessibility of resources, location of a business enterprise is an important ingredient and need be considered. To capture the attention of customers, their convenience ought to be looked after. The researcher took a keen consideration into the distance each supermarket is located within Kakamega town from the main bus stage. The main reason was to determine the causal effect of distance on customer preference on supermarkets for their household items.

Table 4.2: .Location Vs. Supermarket preference

Table 4.2: shows that 44% of the respondents shopped at Yako which is situated three hundred (300) metres from the stage and is also opposite Kenya Commercial Bank, Kakamega Branch, followed by Turskys with 27%, Nakumatt with 23% and finally Wallias with 6%. It is evident that the location of the business plays an important role in customer satisfaction besides other factors. Determination of the degree of association between the location and preference of supermarket Coefficient of correlation is given by

$$r = \frac{N(\sum XY) - (\sum X)(\sum Y)}{\sqrt{(N(\sum X^2) - (\sum X)^2)(N(\sum Y^2) - (\sum Y)^2)}}$$

Where:-

r is the correlation coefficient

N is the number of elements

X (Distance) is the independent variables

Y (Number of customers is the dependent variables

r = - 0.89

This indicates that the distance impacts negatively on the number of customer each supermarket serves as shown in Figure 4.1.

Figure 4.1: Supermarket Preference Vs. Location

Source: Research Data 2015

Table 4.4: Association of Competitive Strategies

From the correlation statistics above, it was worth noting that all aspects had positive correlation coefficient and that correlation was very strong.

The marketing managers were also interviewed and issued with a questionnaire each. Their responses on the extent to which the four strategies of Location, price, promotion and improved customer service have an impact on competitive edge is as tabulated below:

Table 4.5: The Marketing Managers Interviewed through Questionnaire

The managers were of the opinion that location plays a major role in determining the supermarket that consumers shop. Improved customer service and price variation also determine the shopping choice of customers and lastly promotion which seems to have the least influence of the four.

## **5. Summary, Conclusions and Recommendations**

### **5.1 Summary of Major Findings**

The current location of supermarkets is not likely to change soon but they are supposed to put in place strategies that would encounter distance issue. This was evidenced when the supermarkets near the bus stage and a bank received large numbers of customers irrespective of their high prices they charge.

### **5.2 Conclusion**

The factors underlying the buying behavior need be improved. The majority who shop at supermarkets normally are middle class and upper class people. To improve the customer base, the supermarkets need to position themselves strategically, in terms of location and space. For example, the high numbers of customers who shop at Tuskys do so because it is near to the bus stage, irrespective of the high prices for their items and the rest are located far from the main bus stage. However, with the existing laws regarding town planning, supermarkets which are situated far away from the bus stage should embrace other styles, like transporting bulky items on behalf of customers to the bus stage by using trolleys and carts.

### **5.3 Limitations of the Study**

The researcher was not able to gather data and information from all the target population. Secondly, most of the marketing managers were unwilling to give information claiming to be busy. They delegated this responsibility to the staff in the marketing department.

### **5.3 Recommendation for Further Study**

Modification by doing a case study of the market leader in the industry can be carried out to actually determine the marketing strategies that they use that enable them remain at the top of the game. Further research should be carried out to determine the other factors that can increase competitive advantage of supermarkets other than location i.e price, promotion and service delivery can be researched to find out how they impact of supermarkets. Research can also be carried on other industries other than the Supermarket Industry.

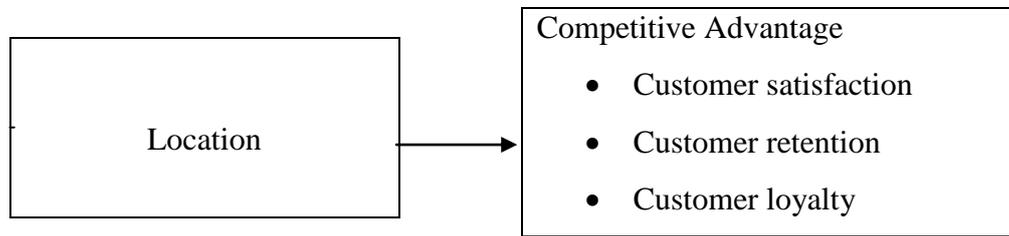
## References

- Andreadis, N. (2009) *Learning and Organizational Effectiveness. A systems Perspective*. International Society for Performance Improvement 48 (1), 5-11
- Andrew Whalley. (2010) *Strategic Marketing. Andrew and Ventus Publishing APS*.
- Arnold, S. and Tigert, D. (1983) *Determinant Attributes in Retail Patronage. Marketing*. Baker, M. (2008) the Strategic Marketing Plan Audit 24 (7), 3.
- Belch E.G., and Belch A.M., (2003) *Advertising and Promotion, 6th edition*, The McGraw–Hill Companies, Boston.
- Bell. D and Lattin. J. (1998) *Shopping Behavior and Consumer Preference for Store Price Format*. Marketing Science pp 66-88.
- Bell. D. (2000) *Consumer Shopping Behavior and In-Store Expenditure Decisions*.
- Brennan D. P. and Lundsten, L. (1991) *an Analysis of the Impact of Discounters on Retailing in Small Towns and Alternative Responses for Retailers and Community Leaders*. Unpublished Report, October 1.
- Brennan D. P. and Lundsten, L. (2000). *Impacts of Large Discount Stores on Small US Towns: Reasons for Shopping and Retailer Strategies*. International Journal of Retail & Distribution Management, 28 (45) 155-161.
- Cohen et al. (2003) *Marketing Warfare*, Boston Irwin/McGraw-Hill,.
- Desouza, K.C and Awazu, Y. (2006) *Knowledge Management at Small and Medium Enterprises. Five Peculiarities*. Journal of Knowledge Management 10(1) 32-43.
- Doving, E and Nordhaug, O. (2010) *Investing in Human Resource Planning*. An International study Management review, 21 (3) 292-307.
- Eagly & Chalken (1993) *Small Businesses and Entrepreneurship*, South-East European University, Tetovo.
- Ellickson, P. (2006) *Quality Competition in Retailing. A structural Analysis*. International Journal of Industrial organization 24(3) 521-540.
- Eniola S (2006); *Customer Satisfaction in the Telecommunication Industry*. Unpolished MBA Thesis
- Frank B. (2002) *Strategic Marketing in the Customer Driven Organization*. Chennai India. Laser words private limited.
- Grönroos C. (1994) *From Marketing Mix to Relationship Marketing: Towards A Paradigm Shift in Marketing*. Management Decision, Vol.32.
- Hinkle, C.L. (1965) *The Strategy of Price Deals Harvard business review*, 43 (4) 75.

- Hogg V. (2005): *Basic Marketing*, Richard D. Irwin, Illinois.
- *International Monetary Fund.(2004) Consumer Price Index Manual. Theory and Practice.*
- Jan, A.S. (2008) *Defining Globalization.*
- Kathleen. S. and Carolyn, L.C. (1994) *Price Awareness of Consumers Exposed To Intense Retail Rivalry.* *Advances in Consumer Research*, 21 (1) 79-85.
- Kotler, P. Kevin L. Keller & Abraham M. Koshy.(2009) *Marketing Management.*(13th edition). India. Dorling Kindersley.
- Ma. Cristina. P, Enrique C.R and Ricardo H.R (2012).*Organizational Competences and Competitiveness.* *The effect of Business Strategies* 20 (3&4), 16-31.
- Melanie, F, D, and Marian, G.M. (2011) *Using Supermarket Loyalty Card Data to Analyze the Impact of Promotions.* *The Market Research Society* 54 (2), 221-240.
- Michael K.B, Clay M and Michael J.B. (2012) *Service Sweet Hearting. Its Antecedents and Customer Consequences.* *Journal of Marketing* 76 (March), 81-98.
- Mugenda, M. O and Mugenda, A.G. (1999) *Research methods: quantitative and qualitative methods.* Nairobi. Acts press.
- Shilpa. S.K. (2009) *Impact of Supermarkets on Marketing Strategies of Small Stores*, 3(8), 78-90. Tang, C.S, Bell, D.R and Ho, T. (2001) *Store Choice and Shopping Behavior.How Price Format Works;* *California Management Review*, 43(2) 56-57.
- Tharnujan. R. and Seneviratne L.P. (2009)*The Role of Knowledge Management in Post-disaster Housing Reconstruction.* *Disaster Prevention and Management* 18 (1),6677
- Thompkins J.A, White J.A et al (2006) *Facilities Planning 3rd edition .USA.* Thomson.
- Uma Sekaran and Roger Bourgie. (2009) *Research Methods for Business: A skill Building Approach (5th edition).* UK: John Wiley and son's ltd.
- Von, F.J. (2002) *Grocery Store Choice.* *Marketing Management Journal* 12 (1), 107-119.
- Watkin D. (1986) *Toward a Competitive Advantage: A Focus Strategy for Small Retailers.* *Journal of Small Business Management* 24 (1), 9-15.
- [www.nakumatt.net](http://www.nakumatt.net) retrieved on 16/11/2012.

## Appendix : Tables And Figures

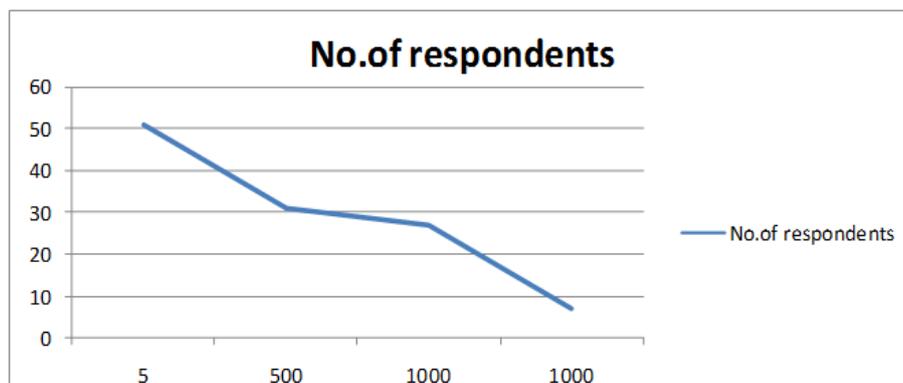
**Fig 1.1 Conceptual Framework**



**Independent Variables**

**Dependent variable**

Source: Author, 2015



**Figure 4.1: Supermarket Preference Vs. Location**

Source: Research Data 2015

**Table 4.1: Customer Distribution**

Supermarket	No. of Customers	Percentage (%)
Nakumatt	27	23
Yako	51	44
Turskys	31	27
Wallias	7	6
<b>Total</b>	<b>116</b>	<b>100</b>

Source: Research Data, 2015

**Table 4.2: Location Vs. Supermarket preference**

Supermarket	Distance (Metres)	No. of Customers	Percentage (%)
Nakumatt	1000	27	23
Yako	300	51	44
Turskys	500	31	27
Wallias	1000	7	6
<b>Total</b>		<b>116</b>	<b>100</b>

Source: Research Data, 2015

**Table 4.4: Association of Competitive Strategies**

	Cor r	R <sup>2</sup> (%)
Awareness of Supermarket and physical and technological location	0.76	58
Awareness of supermarkets and price change	0.99	98
Awareness of supermarkets and price offered	0.26	7
Awareness of supermarkets and promotional activities	0.86	74
Physical and technological location and price change	0.84	73
Physical and technological location and price offered	0.69	48
Physical and technological location and promotional activities	0.51	26
Price change and price offered	0.34	12
Price change and promotional activities	0.86	74
Price offered and promotional activities	-0.1	1

Source: Research Data, 2015

**Table 4.5: The Marketing Managers Interviewed through Questionnaire**

<b>Supermarkets</b>	<b>Location</b>	<b>Price</b>	<b>Promotion</b>	<b>Improved Customer Service</b>
Nakumatt	5	4	3	4
Yako	5	4	3	4
Tuskys	5	5	4	5
Wallias	4	4	4	4

**Source:** Research Data, 2015