EVALUATING MARKETING STRATEGIES ADOPTED BY SUPERMARKETS FOR
COMPETITIVE EDGE: A CASE OF KISII TOWN SUPERMARKETS

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ABSTRACT

When the buyer has full information about prevailing market conditions, actual prices and even supplier costs, the buyer gets greater bargaining leverage than when information is poor. The acquisition of such information has been facilitated by development of information technologies via the internet which has simplified the information sharing between consumers and suppliers, giving consumers greater bargaining power which in turn has forced supermarkets to devise strategies that they consider suit the ever changing marketing environment in order to be competitive and it’s for reason that this study evaluated promotion, price variation, location and improved customer as strategies adopted for competitive edge and identify a strategy with greater returns. This study was conducted in Kisii town Supermarkets (Kenya) using descriptive research and a sample of thirty (30) respondents from each Supermarket whereby twenty nine (29) respondents were customers and eight (8) consumer goods were selected randomly. Purposeful sampling was employed to identify one marketing manager from each Supermarket for they possessed vital information regarding formulation and implementation of marketing strategies and were interviewed using semi-structured questionnaire to provide in-depth information. Questionnaires, interviews schedules and observation were used as instruments of data collection. The questionnaire was designed in such way as to enable the researcher to use both the closed and open ended questions to solicit ideas and answers related to the problem from respondents. Completed questionnaires were coded and analyzed and the data collected was classified both qualitatively and quantitatively. The results were presented in form of charts, tables, graphs. From the findings, location was identified as the strategy that yields greater returns as compared to other strategies.

Keywords: EVALUATING ; MARKETING STRATEGIES ; ADOPTED ; SUPERMARKETS ; COMPETITIVE EDGE; CASE ; KISII TOWN SUPERMARKETS
1. INTRODUCTION
The challenges imposed by changes in the business environment require continuous development and implementation of appropriate business strategies in order to remain competitive. The study specifically evaluated four strategies that supermarkets consider to suit the ever changing business environment for competitive edge: Location, Price variation, Promotions and improved customer service.

1.1 Background Information
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 (Macristina, 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 (Macristina, 2012).

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.

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.

Ma.cristina (2012), argues that retailers facing threat from discounters responded with lower prices and increased promotions. Some firms may reduce the level of the service that they provide and some may increase differentiation and try to distinguish themselves by offering different price/service combinations. Ma.cristina, (2012) cites Seiders, (2000) who studied the impact of supercenters on traditional food retailers in four markets and found that supercenters were gaining 15% to 20% of primary shoppers and an even greater proportion of secondary shoppers. Shoppers were not willing to trade off location convenience or, in some cases, quality and assortment. Hence, big retailers continue to rapidly gain share at the expense of competitors who do not differentiate themselves in some significant way.

Brennan and Lundsten (2000) analyzed the impacts of large discount stores on small US towns, reasons for shopping and retailer strategies, and found that consumers shop at
discounters for low prices and large variety and specialty stores for the unique items they cannot find elsewhere. It was observed that consumers shop at the new discounters more than at the existing stores. Watkin (1986) proposed that the strategies adopted should avoid low price and differentiation domain of the large retailer and emphasize a focused offer. Ma.cristina, (2012) added that small business strategists propose customer service and product specialization or customization as appropriate strategic moves. The objective of developing these strategies is to manage a business system to achieve an increase in the level of perceived value added in order to provide the final customer with the desired value. In Kenya, much has not been done to evaluate the strategies that have been adopted for competitive edge especially in the supermarkets operating in Kisii 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.

1.2 Purpose of the Research
The purpose of this study was to evaluate the marketing strategies adopted by supermarkets namely: promotional, price variation, location and improved customer service for competitive edge a case of Kisii town supermarkets namely: Tuskeys, Nakumatt, Oshwal and Naivas using descriptive research with a view of identifying a strategy with greater returns.

1.3 Statement of the 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. 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.

1.4 Objectives of the Study

This research was grounded by one general objective and three specific objectives as outlined below.

1.4.1 General Objectives

To evaluate marketing strategies adopted by supermarkets for competitive edge.

1.4.2 Specific Objectives

The specific objectives of this study were:

(i) To establish whether convenience in location led to competitiveness in supermarkets.
(ii) To establish whether price variations led to competitiveness in supermarkets.
(iii) To establish whether promotions led to competitiveness in supermarkets.
(iv) To establish whether improved customer service led to competitiveness in supermarkets.

1.5 Research Questions

This research seeks to answer the following questions:

1. Does convenience in location contribute to competitiveness in supermarkets?
2. Does price variation lead to competitiveness of supermarkets?
3. Do promotional activities adopted by different supermarkets lead to competitiveness?
4. Does improved customer service lead to competitiveness?

1.6 Significance of the Study

The study was intended to inform the supermarket management on the strategies to adopt in order to capture the market and also to identify a strategy that attracts customers as compared to others for greater market share. Consumers would benefit by understanding that supermarkets adopt various strategies and this would help them to associate themselves with supermarkets having strategies that gave them greater satisfaction. The study would also assist the government and non-governmental organizations in ensuring that supermarkets do not devise strategies that promoted monopoly as a way of protecting consumers against exploitation by businesspersons.
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 Shilpa, (2009). Additionally, companies are required to develop their learning capacities since superior knowledge is what achieves competitive advantage and organizational competence creation, (Shilpa, 2009).

2.2 Conceptual Framework

![Conceptual Framework Diagram]

Fig.2.1 Conceptual Framework

2.3 Theoretical Framework

2.3.1 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, organizations 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.

2.3.2 Competitive On the Edge- Theory

Einsenhardt 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.

2.4 Empirical Framework
The review in this study was done along the major variables: Promotional, Price variations, Location and Improved customer services as strategies adopted by supermarkets for competitive edge in the market.

2.4.1 Location as a Marketing Strategy
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 Price Variation as a Marketing Strategy
Price variation occur when exactly the same good or service is sold at different prices at the same moment of time, International Monetary Fund (2004) Consumer Price Index Manual; Theory and Practice. Consumers are increasingly confronted with intense market place competition. Saturation, Overstoring and a rapid proliferation of new formats have changed competitive dynamics in retail markets. Low prices produced by price warfare would change consumer’s perceptions of all prices. In other words, consumers’ concept of ‘low’ price conforms to the context. Consumers might be persuaded to switch to the new low price stores unless loyalty keeps them from it, (Seiders, 1994). Even if price is the only one aspect of the determinant mix, the various theories of search behavior and choice still do not explain how consumers use price in the decision process, especially when they do not know the price at all or where their guess is considerably outside of an acceptable range of price knowledge (Von, 2002).
Rampant price communications will cause consumers to place relatively more importance on price than on other attributes for determining store patronage. Expanded variation of one attribute among stores increases that attribute’s impact on market share. This reinforces our expectation that attribute reweighting will occur when price variation increases as in our price warfare scenario. We expect price to increase in importance for store choice. For consumers to perform inter-store price comparisons usually requires that they retain price information in memory for later recall. Mazumdar and Monroe (1992) note that it is difficult to simplify retailer’s price comparisons because they are few printed price lists and advertisements feature a small proportion of merchandise. Furthermore, advertisements often report only sale prices, leaving consumers uninformed about retailers ‘everyday’ price levels. The Wall Street Journal (12/8/92) described the ‘new breed of thrifty consumer, who willingly treks from supermarkets to warehouse clubs’ as having a ‘frugality habit’. The speculation is that retailers place extreme emphasis on price through a variety of initiatives and communication tactics, are advancing price sensitivity among consumers. Consumers appeared to change their reference point for ‘low price’. Those who switched stores said that price was particularly important to their store choice. Increased price variation also caused price to gain relative importance in determining store choice. This provided field study support for Eagle’s laboratory findings that increased variation in one attribute enhances that attribute’s impact on market share (Seiders, 1994).

2.4.3 Promotion as a Marketing Strategy
Promotions are marketing events limited in duration, implemented to directly influence the purchasing actions of customers, with underlying intention of achieving the objectives set out in the marketing strategy for the retailer and or manufacture (Kotler, 1988). The use of promotions in retailing has increased rapidly in recent times, yet more often than not promotions are being implemented with an inadequate understanding of which mechanisms are most effective, for which products and for which shoppers segments as observed by (Felgate, 2012). The use of promotions in the UK has increased significantly over the past decade, particularly in grocery retailing where competition between retailers has intensified. This has resulted in both UK supermarkets and branded suppliers becoming increasingly dependent on promotional activity to drive sales growth. Hence, price promotions often result in large sales effects for a promoted item, but this influence does not necessarily mean that the sales increase is truly beneficial for retailers. Hence, deep price cuts should result in more
additional purchases and consumer stockpiling than lower price reductions, because deep price cuts induce non-loyal consumers to switch stores and loyal consumers to engage in heavier stockpiling and consumption (Felgate, 2012). Though promotions are driving sales in UK supermarkets, the case may be different in Kenya because of income levels and cultural up-bringing and geo-demographic factors.

2.4.4 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).

2.5 Knowledge Gap

In a hypercompetitive economy with increasingly rational buyers faced with abundant choices, a supermarket can only win by fine-tuning the value delivery process and choosing, provide and communicating superior value. Kotler, (2007) argues that with the rise of digital technologies such as the internet, today’s increasingly informed customers expect companies to do more than to connect with them, more than satisfy them and even more than delight them. A study by Brennan (1991) in Minnesota regarding the actions small retailers had taken to compete with discounters revealed that providing specialized services, offering better quality products and improved customer service were most successful strategies. To ensure competitiveness, supermarkets have adopted various strategies as evidenced in the literature review above. However, no supermarket can adopt all the strategies and no strategy that succeeds in all situations. Therefore it is for this reason that this study evaluated these strategies to identify the one with greater returns.
3. METHODOLOGY

3.1 Research Design

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.

3.2 Target Population

The research targeted two (2) Supermarkets and two (2) Mini-Supermarkets operating in Kisii town namely: Tuskeys, Nakumatt, Oshwal and Naivas with a population of four hundred (400) respondents on average (www.nakumatt.net). Kisii town was selected as a case study because it is a cosmopolitan and attracts inhabitants from all parts of Kenya.

3.3 Sampling Frame

This research used staff register in each supermarket to identify marketing managers as the interviewees and the customers were sampled using random sampling because it was not possible to get a sampling frame since the population was very large (Mugenda and Mugenda, 1999) and sampled items was also done randomly.

3.4 Sampling Design and Sample Size

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). This translated to thirty (30) respondents from each supermarket selected. Out of this sample, four (4) were marketing managers one from each supermarket sampled purposefully as they possessed vital information regarding formulation and implementation of marketing strategies (Mugenda and Mugenda, 1999), which was considered representative of the population under study.

Table 3.1 Summary of the sample

<table>
<thead>
<tr>
<th>Name of Supermarket</th>
<th>Customers</th>
<th>Marketing Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nakumatt</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td>Naivas</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td>Tuskeys</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td>Oshwal</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>
The study sampled only eight household items from each Supermarket and Mini-Supermarket for they are frequently used by consumers namely: Cooking oil Elianto 3lttrs, Menengai bar soap 1kg, Match box (Farasi 1packet), Maize Flour (1kg Jembe), Wheat Flour (Pembe 1kg), Ken salt 1kg, Sugar 1kg (Sony) and Tea leaves (KeTePa 1kg). The choice of these products was not in any way promoting them.

3.5 Data Collection Procedure

The researcher personally collected data from the selected sample. The study mainly relied on primary data where two questionnaires were developed whereby one questionnaire with both open and closed ended questions was administered to twenty nine (29) respondents from each supermarket sampled randomly. Another questionnaire which was 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. Observations were used to check the prices of sampled items across the shelves from each supermarket. The study also used secondary data to obtain prices of the goods that were not labeled. Date and time for administration of the instruments was done in consultation with supermarket management. Areas of confidentiality and anonymity, intentions of the study and how the information would be used were explained to the respondents.

3.6 Data Collection Tools and Techniques

The study used in-depth interview for marketing managers using semi-structured questionnaire get vital information regarding marketing strategies according to objectives which guided the study and another questionnaire issued to customers to collect data from them using structured questionnaire designed in such a way as to allow the researcher to use both closed and open ended questions in order to solicit ideas and answers related to the problem. Observations were helpful in the study in enhancing its accuracy by observing the prices of the sampled items on shelves across the identified supermarkets to compare variations of prices in supermarkets.

3.6.1 Validity and reliability of Research Instruments

Validity is the accuracy and meaningfulness of inferences based on research results (Mugenda and Mugenda, 1999). To ensure content validity of the instrument, expert judgment of the supervisor was sought; the corrections made were used to improve the instrument. The construct validity was enhanced through combination of data collection instrument such as observation, interview and questionnaire (Onen and Oso, 2005).
Reliability is a measure of the degree to which research instruments yield consistent results after repeated (Mugenda and Mugenda, 1999). The reliability of the instrument was tested using a test and re-test method.

3.7 Pre-Testing of Research Instruments
A pilot study was carried out before actual research on 30% of the target respondents in a mini-supermarket in Kisii town in order to test the validity and reliability of the instrument. Data so obtained was scrutinized for any errors in the instruments (uma Sekaran and Roger, 2009). The questionnaires were preferred because they covered large population with little time, personnel and cost.

3.8 Data Processing and Analysis
Completed questionnaires were coded and analyzed to ensure accuracy of information, and then the data collected was summarized and classified both qualitatively and quantitatively. Qualitative analysis of opinions was organized into themes and patterns relevant to the research using judgmental method. Quantitative data was analyzed using descriptive statistics such as measures of central tendency of mean and frequency tables. Frequency distribution tables, graphs and charts 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.

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction
This section relied mainly on inductive reasoning process and basic exploratory statistics to interpret and structure the meanings that could be derived from the data collected. The main objective of this section was to use qualitative data in a process of inductive reasoning within the context of economic theory in order to generate ideas, as opposed to hypothesis testing. Much of the qualitative analysis was focused on the strategies supermarkets should put in place in order to retain the existing customers and at the same time attract the potential clients.

4.1 Presentation of response rates
Customers from the four supermarkets in Kisii town were studied and were tabulated as below;
Table 4.1: Customer distribution

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>No. of customers</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nakumatt</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>Tuskys</td>
<td>51</td>
<td>44</td>
</tr>
<tr>
<td>Naivas</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td>Oshwal</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Most customers preferred Tuskys to other supermarkets. This was evidenced from the tabulated information which showed that 43% of the respondents did their shopping at Tuskys followed by Naivas with 27%, Nakumatt with 23% and last was Oshwal with 7%. It is 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 card, travel card and other electronic means of payment.

4.2 Qualitative and Quantitative Analysis

4.2.1 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 Kisii 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>
<thead>
<tr>
<th>Supermarket</th>
<th>Distance (Metres)</th>
<th>No. of customers</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nakumatt</td>
<td>1000</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>Tuskys</td>
<td>5</td>
<td>51</td>
<td>44</td>
</tr>
<tr>
<td>Naivas</td>
<td>500</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td>Oshwal</td>
<td>1000</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 4.2 shows that 44% of the respondents shopped at Tuskys which is situated five (5) metres from the stage, followed by Naivas with 27%, Nakumatt with 23% and finally Oshwal.
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
- \( Y \) (No. of Customers) is the dependent variables

\( r = -0.89 \)

This indicates that the distance impacts negatively on the number of customer each supermarket serves.

**Graph 4.1 Supermarket preference vs. Location**

**4.2.2 Price Variation**

This is the amount of money a seller is willing to accept in exchange for a product at a given time and under certain circumstances. It is worth to note that price allocates goods and services among those who are willing and able to buy them. It is therefore an important ingredient in business as it allocates financial resources among producers according to how well they satisfy customers’ needs. Price is the exchange value of a good or service. An item is worth only what someone else is willing to pay for it. In a primitive society, the exchange value may be determined by trading a good for some other commodity. The pricing strategy
is influenced by factors which intervene in the production and distribution process. These factors include but not limited to; cost of raw materials, salaries and wages, transport expenses and storage factors.

The price of a product should be above the break-even point in the production process if it has to make a profit. The break-even point is the point where an organization makes no profit or loss.

Graph 4.2 Revenue vs. Qty of goods

Ninety six (96) respondents were aware of the price variation among supermarkets as opposed to twenty four (24) who got external motivation to do their shopping at the supermarket irrespective of the availability of information about prices with respect to each supermarket. The information below indicates that Tuskys charged more on the selected items than other supermarkets and yet it attracted more customers.
Table 4.3: Summary of consumer goods

<table>
<thead>
<tr>
<th>Supermarket Type</th>
<th>Elianto</th>
<th>Menengai</th>
<th>Match Box</th>
<th>Maize Flour</th>
<th>Wheat Flour</th>
<th>Ken salt</th>
<th>Sugar</th>
<th>KeTePa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuskys</td>
<td>670</td>
<td>150</td>
<td>20</td>
<td>150</td>
<td>140</td>
<td>30</td>
<td>130</td>
<td>200</td>
</tr>
<tr>
<td>Nakumatt</td>
<td>665</td>
<td>148</td>
<td>25</td>
<td>145</td>
<td>135</td>
<td>25</td>
<td>135</td>
<td>180</td>
</tr>
<tr>
<td>Oshwal</td>
<td>672</td>
<td>145</td>
<td>28</td>
<td>130</td>
<td>130</td>
<td>25</td>
<td>130</td>
<td>190</td>
</tr>
<tr>
<td>Naivas</td>
<td>655</td>
<td>145</td>
<td>20</td>
<td>135</td>
<td>138</td>
<td>28</td>
<td>140</td>
<td>195</td>
</tr>
</tbody>
</table>

It is evident that supermarkets in town execute their services, of similar nature, at different prices. Even though the majority were aware of the price variation, they did very little to move to cheaper supermarkets because they got attracted with other factors other than prices of goods.

4.2.3 Promotional Activities

They are necessary to communicate to the market. This means that it is important to inform customers about a new product or service, its value, the producer and other benefits for customers, in order to stimulate their purchasing and consumption. Promotion serves to create a psychological effect to customers, which encourages the decision to purchase the product. Promotion is a communication process between companies and customers, aimed to create positive attitude about products and services, which favors the products and services stand in the buying and consumption process. It is an ongoing process of communication between the company on one side and existing and potential customers on the other side. Promotion as a marketing mix instrument influences the company’s market position and business efficiency (Gronroos, 1994). The objectives of promotional activities are numerous and various, such as providing product information, stimulating demand, increasing store traffic, differentiating products, building a brand image, reminding current customers about product benefits, countering competitors’ offers, responding to the news, smoothing out seasonal demand fluctuation, and improving customer relationships (Uva, 2000).

Promotion can influence in creating the image of a company or its products, informing customers with characteristics of existing products and new products that will be introduced in the market. While considering products which are in declining phase, promotion makes...
efforts to preserve their popularity. Basically, promotion is necessary for those products for which consumers must be informed with the advantages which they possess, in comparison with other competitive products for which consumers were not informed. Companies consider many factors in developing their promotional programs, where the most important are the type of product, the target market, the buyer’s decision process, the product life cycle stage and the distribution channels (Belch and Belch 2003).

4.2.4 Level of customer satisfaction
People develop different attitude for goods and services offered in the market. According to Hogg and Vaughan (2005), attitude is defined as a relatively enduring organization of beliefs, feelings, and behavioral tendencies towards socially significant objects, groups, events or symbols. Nonetheless, Eagly and Chaiken (1993) argues that it is a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor. It is therefore worthwhile to note that if someone develops a negative attitude towards something, then he/she may not see its importance. According to Eagly and Chaiken (1993), attitude is influenced externally. Social class, being a status hierarchy in which individuals and groups are classified on the basis of esteem and prestige acquired mainly through economic success and accumulation of wealth, contributes majorly to changing of attitude. The researcher studied various strategies as employed by supermarkets in Kisii town and observed that the impact on the competition was significant.

4.2.5 Regression Analysis
Multiple regressions is a flexible method of data analysis that may be appropriate whenever a quantitative variable, the dependent or criterion variable, is to be examined in relationship to any other factors, expressed as independent or predictor variables. Relationships may be nonlinear, independent variables may be quantitative or qualitative, and it could examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account (Cohen, 2003). To evaluate marketing strategies which were adopted by supermarkets for competitive edge, a number of regressions were undertaken to determine the relationship that existed between strategies and were tabulated as below;
4.2.6 Correlation coefficient

It is a measure of association between two numerical variables and its range is given by -1 ≤ r ≤ 1. Being a ratio, it is given as;

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

Where;

r is the correlation coefficient

N is the number of elements

X is the independent variables

Y is the dependent variables

<table>
<thead>
<tr>
<th>Table 4.4 Association of competitive strategies</th>
<th>Cor r</th>
<th>$R^2$ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of Supermarket and physical and technological location</td>
<td>0.76</td>
<td>58</td>
</tr>
<tr>
<td>Awareness of supermarkets and price change</td>
<td>0.99</td>
<td>98</td>
</tr>
<tr>
<td>Awareness of supermarkets and price offered</td>
<td>0.26</td>
<td>7</td>
</tr>
<tr>
<td>Awareness of supermarkets and promotional activities</td>
<td>0.86</td>
<td>74</td>
</tr>
<tr>
<td>Physical and technological location and price change</td>
<td>0.84</td>
<td>73</td>
</tr>
<tr>
<td>Physical and technological location and price offered</td>
<td>0.69</td>
<td>48</td>
</tr>
<tr>
<td>Physical and technological location and promotional activities</td>
<td>0.51</td>
<td>26</td>
</tr>
<tr>
<td>Price change and price offered</td>
<td>0.34</td>
<td>12</td>
</tr>
<tr>
<td>Price change and promotional activities</td>
<td>0.86</td>
<td>74</td>
</tr>
<tr>
<td>Price offered and promotional activities</td>
<td>-0.1</td>
<td>1</td>
</tr>
</tbody>
</table>

From the regression statistics above, it was worth noting that all aspects had positive correlation coefficient and that correlation was very strong. Promotional activities were affected by the price offered even though it was weak.
### 4.5 Correlation Analysis

<table>
<thead>
<tr>
<th>Set of Factors</th>
<th>(Correlation, r)</th>
<th>$R^2$ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive substitutes and attitude</td>
<td>0.86</td>
<td>75</td>
</tr>
<tr>
<td>Competitive substitutes and budget constraints</td>
<td>0.78</td>
<td>61</td>
</tr>
<tr>
<td>Competitive substitutes and past experience</td>
<td>0.92</td>
<td>84</td>
</tr>
<tr>
<td>Competitive substitutes and personality</td>
<td>0.05</td>
<td>0.25</td>
</tr>
<tr>
<td>Competitive substitutes and social class</td>
<td>0.91</td>
<td>83</td>
</tr>
<tr>
<td>Attitude &amp; budget constraints</td>
<td>0.55</td>
<td>30</td>
</tr>
<tr>
<td>Attitude &amp; past experience</td>
<td>0.96</td>
<td>91</td>
</tr>
<tr>
<td>Attitude &amp; personality</td>
<td>0.24</td>
<td>6</td>
</tr>
<tr>
<td>Attitude &amp; social class</td>
<td>0.94</td>
<td>88</td>
</tr>
<tr>
<td>Budget constraints &amp; past experience</td>
<td>0.51</td>
<td>26</td>
</tr>
<tr>
<td>Budget constraints &amp; personality</td>
<td>-0.11</td>
<td>1</td>
</tr>
<tr>
<td>Budget constraints &amp; social class</td>
<td>0.49</td>
<td>24</td>
</tr>
<tr>
<td>Past experience &amp; personality</td>
<td>0.27</td>
<td>8</td>
</tr>
<tr>
<td>Past experience &amp; social class</td>
<td>0.98</td>
<td>96</td>
</tr>
<tr>
<td>Personality &amp; social class</td>
<td>0.09</td>
<td>1</td>
</tr>
</tbody>
</table>
In the analysis, the researcher observed that the budget constraints had a negative association with personality. Therefore the research showed that both the budget constraints and personality acted against the buying behavior of the customers. Although competitive substitutes, attitude and past experience associated weakly with each other, the correlation was positive. This was an indication that the factors had a positive impact on the buying behavior of the customers.

In light to the strategies which have been adopted by supermarkets in Kisii town, it was evident that almost all supermarkets have lived to the aforementioned strategies. This was in line with the mission and vision each supermarket envisages. For example, Tuskys whose customer population was high in spite of high prices of goods operated on five operational pillars viz-a-viz cheap prices, service with a smile, special offer, rewards and vouchers and daily fresh products.

Supermarkets have employed Information Communication Technology in their operations. This was the strategy that enabled quick delivery of services, reduction of wastage, security and control of stock among others. Through this, the organizations were able to merge strategies to enhance efficiency.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

Supermarket services are likely to directly expand demand for all items sold by attracting more consumers (Shilpa, 2009). Supermarkets, like other forms of enterprises, do business with the core reason of making profit. As per the established research, Nakumatt, Tuskys have expanded their operations across East Africa. Others have branches across the country, hence a sign of expansion. Therefore, their core objectives which include; increased profit, increased added value, survival and service to community are met.
5.1 Summary of findings

Price management rarely attracts customers. The image of the business is one of the main elements in customer satisfaction and high stock turnover which translate to high profits for customers. The research underscored the same thought as Tuskys charged high prices on household items as compared to other supermarkets and yet it attracted more customers. People identify themselves with successful entities. Tuskys, Nakumatt and Naivas have put in place strategies which have shown them grow. They have optimized ICT systems which have improved their operation efficiency. However, it was observed that 100% of the responded paid cash for the goods and services they bought from supermarkets. Contrary to the optimization of ICT, people lacked information about the importance of using such moneyless transactions with supermarkets. It is important to note that they are supposed to embark on a serious campaign on the usage and importance of such cards. Through this, ICT systems would be fully optimized.

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 received large numbers of customers irrespective of their high prices they charge. The observation and subsequent determination of the impact of strategies on competitive edge was reached after systematic analysis which was afforded by regression analysis, averages and observation and were represented by graphs, charts and tables. The quality of the products and customer care should match the information communicated to them. It is worth noting that people’s loyalty is captured if only the right information is communicated to the intended recipients. Other important factors which underscore the aforesaid strategies are prices, social status, level of customer service and professionalism among others. Therefore in strengthening the strategies, care must be taken in ensuring that the right proportion is being employed so that the enterprise could make profit enough for its shareholders.

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.

Promotion could influence the creation of the image of a company or its products, defining the characteristics of existing products and new products that will be introduced in the market. While considering products which are in declining phase, promotion makes efforts to preserve their popularity. Basically, promotion is necessary for those products for which consumers must be informed with the advantages which they possess, in comparison with other competitive products for which consumers were not informed. Companies consider many factors in developing their promotional programs, where the most important are the type of product, the target market, the buyer’s decision process, the product life cycle stage and the distribution channels (Belch and Belch, 2003). However promotional activities do not work in isolation. The study also conformed to Brennan’s (1991) survey of retailers in small towns in Minnesota regarding the actions they had taken to compete with discounters (low prices) and the success of those actions where 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.

5.4 Recommendations

Supermarkets’ management is supposed to continuously train their employees to help them improve and maintain the quality that consumers demand. Manpower training often enables the manager to cope with challenges by ensuring relevance and effectiveness in today’s dynamic business environment. The image of the enterprise is protected by the employees who are knowledgeable and focused. Customer-seller relationship serves as an important ingredient in service delivery and overall enterprise growth. Sales and marketing, finance, public relations, administration and management do not work in isolation. If these departments got the right training, then flow of service through to the consumer would be efficient. The employees work efficiently when they are convinced in the mind that they are the owners of the business activity. It would be worthwhile if the employees were allowed to buy shares in the supermarkets they work. This would increase efficiency in service delivery.
and reduce wastage that would have been avoided. They would also be eager to come up with ideas which would be beneficial to the entire organization to achieve its overall objectives. Supermarkets need also to go African. With diversity of culture and tradition, people love to identify themselves with their culture. Business thrives well in the environment which the owners appreciate the culture and tradition that prevail in it. Supermarkets are no exception. The researcher felt that for any supermarket to increase its customer base, it needed to integrate cultural values to their advertisement/promotions. In addition, to communicate price changes to their customers, management should establish customer data bank and effectively use mobile technology for communication as the study found out that customers were not aware of these promotional activities.

The study was a success in that the objectives were met as per the expectation of the researcher. It paves way for further researches to determine the proportional level each strategy needs to be employed to maximize the performance of supermarkets within the region.
References


www.nakumatt.net retrieved on 16/11/2012.