COMPETITIVE STRATEGIES THAT CREATE COMPETITIVE ADVANTAGE AMONG SHOPPING MALLS IN NAIROBI

BY

VALENTINE NDUNG’U

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER, 2018
COMPETITIVE STRATEGIES THAT CREATE COMPETITIVE ADVANTAGE AMONG SHOPPING MALLS IN NAIROBI

BY

VALENTINE NDUNG’U

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER, 2018
STUDENTS DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University-Africa for academic credit.

Signed_________________________________ Date__________________________

Valentine Ndung’u (ID 629352)

This project has been presented for examination with my approval as the appointed supervisor

Signed_________________________________ Date__________________________

Dr. Fred Newa

Signed _______________________________ Date__________________________

Dean, Chandaria School of Business
DEDICATION
This project is purely dedicated to my wonderful parents for their unconditional support and insurmountable encouragement.
ACKNOWLEDGEMENT

My deep and immense gratitude is to Almighty God for taking me through my studies at United States International University-Africa. I wish to express my heartfelt appreciation to my project supervisor Professor Fred Newa for his continuous guidance and encouragement provided throughout the entire project.

I extend special and heartfelt gratitude to my family and friends for their invaluable support for the entire duration of my study.
ABSTRACT

The general objective of the study is to analyze how the competitive strategies employed by shopping malls in Nairobi give them an edge over their competitors in the industry. The study attempts to realize three specific objectives namely; assess the competitive strategies of shopping malls; examine the impact of differentiation on the competitive strategies of shopping malls; examine the impact of focus strategy on the competitiveness of major shopping malls in Nairobi; and impact of cost leadership on the competitive advantage of the shopping malls.

Applying explanatory research design, the study targeted 50 managers from the following shopping malls based in Nairobi: Village Market, Yaya Center, Sarit Center, Green Span Mall and the Junction Mall. Census sampling approach was applied to interview all the managers using a structured questionnaire. The inferential statistics such as Chi-Square tests and correlations were applied to analyse the data. These statistics provided an-depth information about the data that facilitated the conceptualization of the nexus between Competitive strategies and a Shopping malls’ competitive advantage.

Regarding the effect of differentiation strategy on competitive advantage, the inferential statistics showed a strong relationship between differentiation strategy and competitive advantage. Further findings reported that more than half of the sampled shopping malls have embraced differentiation strategy as opposed to focus and cost leadership strategies. Further findings revealed that the specific shopping malls offered products that are designed in a superior way compared to the competitors’.

In answering the second research question on effect of cost leadership strategy on competitive advantage, the findings showed that more than half of the respondents were unanimous that cost leadership strategy lower operations costs due to the elimination of unnecessary costs implying that the sampled malls have a sustained competitive advantage. The results meant that the sampled malls enjoy the benefits of economies of scale and the malls are guarded against influential buyers and suppliers. However, a considerable percentage of participants did not support the statement that cost leadership strategy protects the specific shopping malls from competition by other malls.
The findings reported that the sampled shopping malls have decreased the pressures of substitutes, rivalry, suppliers and buyers by adopting cost leadership strategy.

Regarding the impact of focus strategy on competitive advantage, the findings reported that the sampled shopping malls might not necessarily be targeting a particular niche as a considerable number of the participants had a different opinion on the application of the focus strategy. This implied that the sampled shopping malls may be lacking the specific skills and resources to incorporate focus strategy as part of their competitive strategy. The results of this study therefore provides a valuable reference for top shopping malls in Kenya in terms of implementing competitive strategies as this would help them achieve competiveness and sustainable performance.
# TABLE OF CONTENTS

STUDENTS DECLARATION ........................................................................................................ ii  
DEDICATION ........................................................................................................................... iii  
ACKNOWLEDGEMENT ........................................................................................................... iv  
ABSTRACT ............................................................................................................................... v  
LIST OF TABLES ....................................................................................................................... ix  

CHAPTER ONE ........................................................................................................................ 1  
1.0 INTRODUCTION .............................................................................................................. 1  
1.1 Background of the Problem ............................................................................................... 1  
1.2 Statement of the Problem ................................................................................................. 6  
1.3 Purpose of the Study ........................................................................................................ 7  
1.4 Research Questions ......................................................................................................... 7  
1.5 Significance of the Study ................................................................................................. 8  
1.6 Scope of the Study .......................................................................................................... 9  
1.7 Definition of Terms ........................................................................................................ 10  
1.8 Chapter Summary .......................................................................................................... 11  

CHAPTER TWO ........................................................................................................................ 13  
2.0 LITERATURE REVIEW .................................................................................................... 13  
2.1 Introduction ....................................................................................................................... 13  
2.2 Effect of Service Differentiation on Competitive Advantage of Shopping Malls ............ 13  
2.3 Effect of Cost Leadership on the Competitive Advantage of Shopping Malls ............... 18  
2.4 Effect of Focus Strategy on the Competitive Advantage of Shopping Malls ................. 23  
2.5 Chapter Summary .......................................................................................................... 28  

CHAPTER THREE ................................................................................................................... 30  
3.0 RESEARCH METHODOLOGY .......................................................................................... 30  
3.1 Introduction ....................................................................................................................... 30  
3.2 Research Design .............................................................................................................. 30  
3.3 Population and Sampling Design .................................................................................... 31  
3.4 Data Collection Methods ............................................................................................... 32
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5 Research Procedures</td>
<td>33</td>
</tr>
<tr>
<td>3.6 Data Analysis Methods</td>
<td>34</td>
</tr>
<tr>
<td>3.7 Chapter Summary</td>
<td>34</td>
</tr>
<tr>
<td><strong>CHAPTER FOUR</strong></td>
<td>35</td>
</tr>
<tr>
<td>4.0 RESULTS AND FINDINGS</td>
<td>35</td>
</tr>
<tr>
<td>4.1 Introduction</td>
<td>35</td>
</tr>
<tr>
<td>4.2 Demographics</td>
<td>36</td>
</tr>
<tr>
<td>4.3 The Effect of Service Differentiation on the Competitive Advantage of Shopping Malls in Nairobi</td>
<td>38</td>
</tr>
<tr>
<td>4.4 The Effect of Cost leadership on the Competitive Advantage of Shopping Malls in Nairobi</td>
<td>40</td>
</tr>
<tr>
<td>4.5 The Effect of Focus Strategy on the Competitive Advantage of Shopping Malls in Nairobi</td>
<td>43</td>
</tr>
<tr>
<td>4.6 Inferential Statistics</td>
<td>45</td>
</tr>
<tr>
<td><strong>CHAPTER FIVE</strong></td>
<td>48</td>
</tr>
<tr>
<td>5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS</td>
<td>48</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>48</td>
</tr>
<tr>
<td>5.2 Summary of Findings</td>
<td>48</td>
</tr>
<tr>
<td>5.3 Discussion</td>
<td>49</td>
</tr>
<tr>
<td>5.4 Conclusions</td>
<td>53</td>
</tr>
<tr>
<td>5.5 Recommendations</td>
<td>55</td>
</tr>
<tr>
<td><strong>REFERENCES</strong></td>
<td>57</td>
</tr>
<tr>
<td><strong>APPENDICES</strong></td>
<td>61</td>
</tr>
<tr>
<td>Appendix 1: Letter of Introduction</td>
<td>61</td>
</tr>
<tr>
<td>Appendix 2: Questionnaire</td>
<td>62</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 3.1: Population ........................................................................................................ 31
Table 4.1 Response Rate for the Population .................................................................. 35
Table 4.2: Frequency Distribution of Respondents by Managerial Position ............. 36
Table 4.3: Frequency Distribution on Differentiation Strategy ................................. 39
Table 4.4: Frequency Distribution on Cost leadership and Competitive Advantage .... 41
Table 4.5: Response on Cost Leadership as Embraced by the Shopping Malls .......... 42
Table 4.6: Response on Focus Strategy as Embraced by the Shopping Malls ............ 43
Table 4.7: Frequency Distribution on Focus Strategy vs Competitive Advantage ...... 44
Table 4.8: Bivariate Correlations ..................................................................................... 46
Table 4.9: Model Summary ............................................................................................ 46
Table 4.10: ANOVA ....................................................................................................... 47
Table 4.11: Coefficients ................................................................................................. 47
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The fast changes in the business environment pose challenges in strategic management. Strategic choices must therefore be shaped to be in line with the environment in which a particular firm operates. The development of a suitable strategy involves various views on the means by which strategy can be developed by a firm. Initially, creating a customer base was regarded as the sole purpose of a business, however, currently customer retention is ultimately regarded because firms have embraced the fact that customer base is not unlimited. According to Reichheld and Sasser (2010), it is five times more expensive to gain a new customer than to retain an existing customer. The costs of acquisition are however lowered in the long run which means that the cost of retention directly relates to the profitability of the firm (Hunt, 2008).

Reminiscently, resource based view on organizational strategy plays an important role in the retention of customers (Krapfel, et al., 2006). The model as a basis for the competitive advantage of a firm is founded primarily in the bid of a pack of valuable resources at the organization’s disposal (Rumelt, 2014). The performance and subsequent growth of shopping malls mainly depends on usage of the products presented. Competitive strategies have a vital role in attaining customer retention. Therefore, shopping malls can employ several competitive strategies for customer attraction and retention, for instance generic strategies hypothesized by Michael Porter (Storbacka and Lehtinen, 2009).

Undoubtedly, firms are identifying the significance of sustaining and retaining customers, as they constitute the firm’s capital (Kotler, 2013). Kotler contends that even though current marketing mixes that bring about sales and new customers, a business’ major defense is customer retention. The best method to customer retention is to provide high customer gratification that result in strong customer allegiance. So, to deal with the existing market challenges, a firm must have more characteristic and decisive strategies and should also be efficiently implemented (Cravens and Jason, 2011).

Consequently, the propagation of shopping malls in recent years has generated a competitive marketplace. Therefore, Shopping malls are mandated to differentiate themselves from their opponents through image and positioning in order to hearten
customer visits and inspire produce purchase (Burns and Warren, 2010). According to Mokgabudi (2011), a well-melded marketing mix strategy can charm and retain shoppers into shopping malls. Customer attraction to a shopping mall at one time is so much different from having a customer constantly coming to the shopping mall. For instance, a strategic location enables easy access, entices customers, and increases possible sales of a retail outlet (Kocaili, 2010).

Strategy is a business’s game plan that allows the business to craft a competitive advantage (Pearce and Robinson, 2000). The business needs to examine itself considering what its competitors are doing. Ansoff and Mc Donnel (1990) describe strategy as a cluster decision making rules for direction of structural behavior. Strategy is therefore used as a tool to measure a business’s performance and outline its connection with the external environment. The business functions in an environment that is very raging and the variations that occur in an environment significantly impact on the business activities. Strategy helps the business relate to its setting and acts as a guide to the business on what the organization is trying to do and realize (Johnson and Scholes, 1999).

Mwenda (2007) says that businesses need strategies to allow them overcome the competitive challenges they face in their operating environment. A competitive strategy therefore enables a business to advance a competitive advantage over its competitors and withstand its accomplishment in the market. A business that does not have suitable strategies cannot exploit the prospects present in the market and will inevitably fail. A strategy is thus an important aspect for success in any market and organization needs to craft it prudently to guarantee good fit within the operating environment.

Porter (1998) defined competitive strategy as the quest for a satisfactory competitive locus in an industry; the central arena in which competition transpires. Additionally, he explains that competitive strategy seeks to establish a lucrative and justifiable position against the forces that controls industry competition. This includes recognizing sources of competition in the rapidly changing environment then advancing strategies that match organizational competences to the variations in the environment. According to Porter, competitive strategy is about being different. This means purposely performing activities in a different way and in better ways than competitors.
Competitive strategy involves all those tactics that a business has and is taking to entice buyers, endure competitive pressure and advances its market locus (Thompson and Strickland, 2002). It involves what a business is doing so as to gain a viable competitive advantage. Porter (1980) defined the three tactics to competitive strategy, these being: Struggling to be the general low cost producer, that is to say, low cost leadership strategy, secondly, Pursuing to differentiate one’s produce contribution from that of its competitors, specifically, differentiation strategy and lastly Focus on a thin ration of the market, viz., niche or niche strategy.

Lester (1989) contended that competitive strategy allows a business to define its operations on a day to day basis, and regulate the industries or markets to participate. Grant, (2000) advocated that the strength of competition in an industry defines its potential profit and competitive appeal. Competitive strategy will help a business in reacting to the competitive forces in these markets or industries.

Owiye (1999) argues that competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage, for instance: differentiation, low price, and customer focus. Competitive strategies will also be vital in determining the market position or size the firm plans to realize, and its focus and mode for growth. Porter (1980) maintained that greater performance can be realized in a competitive industry through the hunt of a broad strategy, which he outlines as the advancement of a general differentiation, cost leadership, or focus tactic to industry competition. If a business does not trail one of these strategy categories, it will be stuck-in-the-middle and will experience inferior performance when matched to businesses that trail a standard strategy (Porter, 1980).

Porter maintains that strategy is about choosing the set of activities in which a business must surpass to form a sustainable difference in the industry. Day and Wensley (1988) concentrated on two resounding sources involved in producing a competitive strategy: greater skills and greater resources. Other authors have expounded on the specific resources and skills that can add to a design of competitive strategies. For instance, Barney (1991) specified that not all business resources grasp the potential of competitive advantage; in its place, they must hold four qualities: value, rareness, inability to be imitated, and inability to be replaced.
Competitive strategy involves all those approaches that a firm has and is taking to attract buyers, survive competitive pressure and advance its market position (Thompson and Strickland, 2002). A business develops a competitive advantage when it crafts an edge over its rivals in attracting new customers and defending them against competitive forces (Thompson and Strickland, 2002). Prahalad and Hamel (1990) outline a core capability as an area of focused proficiency that is the result of harmonizing difficult streams of work activity and technology. They go ahead to explain that a core competence has three features. First; it offers access to a wide range of markets. Secondly, it upsurges supposed customer benefits and lastly, it is hard for competitors to copy. Sources of competitive advantage comprise superior customer service, high quality products, and attaining lower costs than its rivals. To thrive in crafting a sustainable competitive advantage, a firm must attempt to offer what buyers will perceive as superior value. This involves either a superior quality product at a low price or better quality merchandise that is worth paying more for, (Porter, 2001). Competitive Strategies are very important because they give firms a competitive Advantage of others in a highly competitive industry.

Competitive advantage on the other hand can be defined as the edge a firm has over the others in the industry (Poddar and Gadhave, 2007). Barney (1991) contends that a business is said to have a competitive advantage when it’s realizing a value crafting strategy not concurrently executed by any existing or potential competitors and when these businesses are not able to replica the remunerations of such strategy. The basis of a business’s competitive strategy comprises of its internal and external wits to convey superior value to its clients. It comprises of both offensive and defensive tactics to counter the steering of rivals, movements to move resources around to advance the business’s long term competitive abilities and market locus and tactical efforts to react to whatever market circumstances prevailing at the time. The competitive objective is therefore to do considerably better job of offering what buyers are looking for, thus enabling the businesses earn a competitive advantage and out race competitors in the market place.

The choice of strategy that will be assumed by a business depends on the lure of the industry and the competitive locus of the business (Porter, 1985). A business in a very striking industry may not get profits if it has selected the wrong strategy and contrariwise, a business in an outstanding competitive position may be in a deprived industry that is not
Porter’s five forces context helps categorize the appeal of an industry through the five competitive forces: the intimidation of a new entrant, the intimidation of substitutes, the command of buyers, the command of supplies and the magnitude of competition between rivals.

Generally, a shopping mall is defined as a “complex of shops made up of one or more buildings with interconnecting walkways that allows for movements in between units, together with a parking area” (GoK, 2005). In Nairobi, malls are sprouting in nearly every corner of the city and this has brought about massive competition in the sector.

Shopping malls in Nairobi such as The Village Market are no longer mainly about shopping. The experiences they present are beyond the traditional shopping experiences, they offer a contemporary perception for recreation; entertainment and dining with plenty parking and heightened security that let customers pick from numerous shops and a cluster of exceptional culinary experiences unmatched elsewhere (Gitari, 2012). The Malls come with packages that include; shops, residential areas and ample entertainment spots.

According Nairobi City County Licensing Department (2015) there are 12 major malls located within Nairobi City and its environs (Appendix II), these are; The Village Market, Garden City Mall, Sarit Centre, Thika Road Mall, Westgate Mall, The Junction Mall, Ridgeways Mall, Prestige Centre Mall, Galleria Mall, T-Mall, Greenspan Mall, and Taj Shopping Mall. The notion of malls in Nairobi City has continued to grow hence gradually moving from the conventional over the counter shopping to walk-in shopping. Advanced malls are tactically reconsidering the types of stores that customers respond to. The notion of “Anchor tenants” is still crucial in these malls. Several malls in Nairobi have “Anchor tenants for instance the Nakumatt Supermarket where distinct stores or small-scale chain stores aim to profit from the shoppers enticed by the big store.

In this study, the researcher pursued to determine the several competitive approaches that shopping malls in Nairobi adopt so as to advance a competitive advantage over other actors in the same industry. In their study, Poddar & Gadhawe (2007) terms competitive advantage as the lead that one firm has, compared with rival businesses in the industry. It is the edge a business has over others, which aids the business to outpace others in the battle and entice the consumers. The competitive advantage can be in any manner or
form, which aids the business in growing and retaining the market stake. In basic terms, competitive advantage is a lead over competitors extended by giving consumers better value, either through lower prices or by offering superior benefits and services that validates higher prices

1.2 Statement of the Problem
As competition deepens in the retail sector, companies are forced to create greater strategies that will aid them gain a competitive advantage against their opponents. A competitive strategy will aim at creating a profitable and viable position against the forces that define industry competition (Porter, 1980). The researcher discovered the competitive strategies assumed by shopping malls in Nairobi and the challenges experienced in executing these strategies. When operating in turbulent environments, firms regularly face difficulty in fostering appropriate strategy intended to ensure success in their entry mode and operations. Generally, businesses often lose some customers but few ever recognize or measure how many of their clients become inactive. Most companies, oddly, invest a massive amount of time, strength and expense crafting that primary customer attraction strategy. Customers’ gratification is a key component in attracting customers; it is vital that proper policies are adopted so as to attract new customers in the business and also retain existing customers.

The emergence of shopping malls has transformed the way in which shoppers assume their shopping undertakings and social interaction. The active shoppers’ behavior has brought about random consumption decisions and a very raging competitive environment among Shopping Malls. Managers are under pressure to constantly change the strategies they use to fit the ever changing market tendencies. The strong competition between shopping malls in Nairobi influences the strategies used by firms to keep them at par with the competition. Even though major shopping malls have got certain strategies in place for customer pull and retention, administrators and proprietors of shopping malls are still required to be more proactive and resourceful in articulating and executing better strategies by the day.

There are several studies that have been done locally and globally in relation to strategies and competitive advantage. Padmashantini, et al (2013), led a study on competitive strategies and customer retention for retail outlets, the study determined that customer
retention was important for the survival of businesses because of its nature of growing business’s yields simply with slight development in its practices. A study by Kihoro and Ombui (2012) on effects of competitive strategies on competitive advantage in G4S services (K) Ltd found that competitive strategies played an important role in achieving competitive advantage. Krapfel in a study on Competitive Advantage strategies used by Internet services providers in Kenya determined that service quality is the most vital factor in gaining a competitive edge over others, even though also other strategies such as customer satisfaction and better grievance handling systems appears to play an important role in appealing and retaining customers.

Taking note of the previous discussion and the benefits that can be obtained from competitive advantage, little research has been piloted to get a clear understanding of strategies adopted by shopping malls to get a competitive edge over others in the rapidly changing industry.

This study aimed to abridge these gaps in literature by examining the competitive strategies being adopted by Major Shopping Malls within Nairobi with respect to the objectives underpinned by the common market protocol. The study also provided empirical evidence on the extent to which the challenges have curtailed the realization of the benefits theoretically inherent in this highly competitive market. Furthermore, the study provided general information regarding the Shopping Malls and contributed crucial and additional information to the existing literature on the strategic competitiveness of Malls in Nairobi. The study findings are vital to the Shopping Malls’ administrations, the Governments, as well as future researchers in different ways

1.3 Purpose of the Study
The purpose of the study was to analyze the competitive strategies that create competitive advantage among shopping malls in Nairobi

1.4 Research Questions

1.4.1 What is the effect of service differentiation on the competitive advantage of shopping malls in Nairobi?

1.4.2 What effect does cost leadership have on the competitive Advantage of Shopping Malls in Nairobi?
1.4.3 What is the effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi?

1.5 Significance of the Study
As indicated in the problem statement creating a Competitive Advantage is a huge step for any business in a highly competitive industry. This study sensitized Shopping Malls in Nairobi about the ways of creating a sustainable Competitive Advantage. Once they do that, they can formulate plans to come out on top in this highly competitive market, and then actualize them to ensure growth and continuity of their businesses. This study is relevant and is of benefit to the following:

1.5.1 Shopping Malls in Nairobi
These are the primary beneficiaries of this study since it is notable that many such firms do not survive after facing stiff completion from newly opened malls. As such, the study highlighted the fundamental importance of developing a sustainable Competitive Strategy in the industry and encouraged players in the industry to develop Competitive Strategies as a vital component for growth, stability and sustainability in the event of stiff competition.

1.5.2 Government of Kenya
The Government of Kenya, aware of the role of the Shopping Malls play in the economy, has taken the steps to develop a regulatory framework aimed at guiding and accelerating healthy competition and growth of this sector. This study therefore was useful to the Government in its promotion of local Shopping Malls to enable them compete favorably with other local and even foreign Shopping Malls.

1.5.3 Academia and Future Researchers
Because of the worldwide competition in the retail market and specifically Shopping Malls, scholars researching on the competitive strategies adopted by shopping malls can refer to the study for their literature review especially when seeking information on Competitive Advantage in the Kenyan context. Furthermore, the study highlighted other issues of concern in the adoption of a Sustainable Competitive Advantage that can inform future research topics for researchers interested in conducting further research on the
field. In other words, the study can assist in the identification of other crucial research topics.

1.5.4 Tenants

Because of the increase in the number of shopping malls in Nairobi, mall tenants will rely on evidence and success stories in order to make crucial decisions. Therefore, this study will be important to the tenants as it will offer ample information on the best malls to venture into.

1.5.5 Customers

The findings of the study will be important to mall customers. Customers can use the information to decide on the malls that best serve their tastes and preferences. Additionally, customers are able to know what to expect from certain malls and the reasons why.

1.5.6 Clients

Mall clients will also benefit from this study. The findings of the study will give clients a clear picture of the terms of service that certain malls have. The clients therefore will have an opportunity of analyzing if the malls’ operations are in line with their terms of service. This will therefore enable them make decisions on whether to do business with the malls or not.

1.6 Scope of the Study

This study covered Shopping Malls in the Retail industry in Kenya and particularly in Nairobi, which are the business hub and the capital city of the country. The focus of the study on Shopping Malls in Nairobi was justified by the fact that the majority of these Shopping Malls are located within Nairobi, and that most competitions in the retail sector occur within the City.

Most Malls operating in other parts of Kenya are secluded and face little or no competition. The number of shopping Malls considered in the study was those that have been in the Industry for long enough to have faced the stiff competition the industry offers. According Nairobi City County Licensing Department (2015) there are 12 major
malls located within Nairobi City and its environs with an insignificant number located in other parts of the country. The research was however limited to only five malls located within the Nairobi City County, these were; Village Market, Yaya Center, Sarit Center, Green Span Mall and the Junction Mall. The study was conducted in the month of March 2018.

Limitations that were encountered in this study were the unavailability of Strategic Managers of the major Shopping Malls in Nairobi, their willingness to disclose information, which they considered private, and of no concern to others except the investors and or top management. To militate against these limitations, the researcher assured the respondents of strict confidentiality and anonymity of their identities. The researcher also assured them that the information given was to be used for no other purpose except for this research.

1.7 Definition of Terms

1.7.1 Competitive Advantage

Competitive Strategy is the advantage a firm has over the others in the industry (Poddar and Gadhwae, 2007)

1.7.2 Strategic Planning

Strategic planning is a firm’s or a corporation’s process of identifying its direction or goals and making decisions on how to use available resources towards the attainment of the specified goals (Arasa & K'Obonyo, 2012).

1.7.3 Competitive Strategies

According to Campbell-Hunt (2005), competitive strategies refer to the long-term plan of a specific business so as to gain competitive advantage over its rivals in the market or in an industry.

1.7.4 Differentiation Strategy

Porter (2005) defines service differentiation a competitive approach under which a business pursues to advance and offer unique services for different customer divisions.
Generally employed where a business has strong competitive edges, and can endure an exclusive advertising operation.

1.7.5 Cost Leadership Strategy

According to Parnell (2007), cost leadership refers to an approach used by businesses to craft a low cost of operation within their position. The use of this approach is mainly to gain an edge over rivals by decreasing operation costs below that of other competitors in the same industry.

1.7.6 Focus Strategy

Hunger (2007) defines focus strategy as a marketing approach in which a business focuses its resources on entering or escalating in a constricted market or industry section. A focus strategy is commonly employed where the business knows its fragment and has services and products to competitively content its needs.

1.8 Chapter Summary

Chapter One has provided the setting of the study and stated the problem that has inspired the study. The background study has established that lack of strategic planning is a global problem that transcends the many business organizations around the world.

The chapter has also underscored the purpose of the study and outlined three research questions that will guide the study. Additionally, Chapter One has also highlighted the significance of the study identifying potential beneficiaries of the study and how each stands to gain from it. The scope of the study has been highlighted in the chapter denoting the range or the reach of the study. The Chapter has concluded by providing definitions of some of the key terms that will be used in the course of the study.

Chapter Two will comprise of a review of existing literature on the field of Competitive strategies; what existing literature says concerning the four research questions. Therefore, the literature reviewed will focus on three areas; why Shopping Malls have Competitive Strategies; how major Shopping Malls within Nairobi have embraced and formalized Competitive Strategizing as part of their strategic goals, and the impact of Competitive Strategies on the Competitive Advantage of Shopping Malls. Chapter Three will highlight
the research methodology for the study. It will identify the research design, population and sampling design, data collection methods, procedure to be used in the research and the method for analyzing the collected data.

Chapter Four will provide the results and the findings of the study. Chapter Five will provide the summary of the study, the discussion of the major findings of the study, the conclusions and the recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter scrutinizes the existing literature on the Meta field of Competitive Strategies. The chapter is particularly interested on how competitive strategies relates with the three specific research objectives. The literature assessed pertains to why firms have embraced the concept of competitive strategy; examine how firms have embraced and formalized the concept of strategy as part of their strategic goals; and impact of the strategies firms employ on their competitive advantage.

The literature reviewed comprised of academic sources of secondary data such as books, peer reviewed journals, periodicals and press releases by organizations. The review commences by assessing how different scholars conceive competitive strategy in existing literature.

2.2 Effect of Service Differentiation on Competitive Advantage of Shopping Malls

2.2.1 Competitive Advantage

Simply conceptualized, a theory is a system of ideas, perspectives and thoughts, or even a supposition advanced to explain a phenomenon (Mutunga & Gachunga, 2013). Different scholars in a bid to conceptualize competitive strategies have advanced several such suppositions and perspectives. The most perceptible theoretical standpoints on competitive strategy are resource-based view theory and the commitment-trust theory. An assessment of each of these theoretical perspectives is vital as it forms the backdrop for the study.

Competitive advantage is as a result of and is related with a long list of contributing elements. These elements include mergers, operational efficiencies, acquisitions, stages of diversification, categories of diversification, organizational arrangements, top administration team alignment and style, human resource organization, handling of the political and/or social effects encroaching upon the market, conventionality to numerous analyses of generally responsible behaviors, global or multicultural activities of development and alteration, and numerous other structural and/or industry level
According to Al Hawary and Bani-Hani (2009), competitive advantage from product-price-performance is practically short term, particularly in a period where technologies are changing the current business borders. Benefits can only be sustained through proficiency that is relished at the very origins of products. Nevertheless the fact that studies have presented that an important correlation exists between competitive advantage and organizational performance. The two terms are different concepts with a seemingly intricate relationship (Ma, 2000). It has been contended that realizing a position of competitive advantage is a predecessor to the important performance of a firm (Barney, 1991) and that competitive advantage consequences from a long list of variable factors which include mergers, operational efficiencies, organizational structures levels of diversification, human resource management, acquisitions, types of diversification, top management team arrangement and style, manipulation of the administrative and/or social effects encroaching upon the market, conventionality to numerous analyses of socially responsible activities and so forth.

Regardless of the basis or factor from whence competitive advantage outcomes, Porter (1996) sees competitive advantage as having three major variables (categories), which are differentiation advantage, cost advantage, and focus advantage. Morgan at al (2004) measured product capability (differentiation advantage) by: packaging, higher product quality, design and style. Furthermore, Chenhall and Langfield-Smith (1998) dignified product differentiation strategy using five variables: making changes in design, providing high quality products, providing fast deliveries, presenting new products and offering unique product features.

Similarly, Abu-Aliqah (2012) in his study adopted the following variables to measure product differentiation strategy: high product quality, fast delivery, design and new products, and unique product features. Similarly, there have been diverse measurement variables for organizational performance in different literatures, fluctuating from financial to non-financial dimension items. Nevertheless, Abu-Aliqah (2012) recognized Sales growth rate, Return on Investment, Customer satisfaction, Product quality, Cash flow from operation, and Market growth.
2.2.2. Service Differentiation Strategy

According to (Shammot 2012), product differentiation strategy can be an instrument of competitive advantage which is assumed by firms so as to offer products that gratifies individual shopper's needs. In sustaining individual shopper’s needs, quality has become a key differentiating feature among products. Consequently, customers are ready to pay more for goods that satisfy their individual size, style, need, expression or taste.

Firms need to make assessments with respect to numerous factors so as to realize competitive advantage. These aspects can be separated into two main theories; the capability theory and the resource based theory. Business’s internal resources are of pronounced importance to the returns made by a business. It also affects the upkeep of the firm’s competitive advantage and especially the firm’s ability to craft market advantage. The resource-based theory has defined business resources as all possessions, abilities, organizational procedures, business attributes, information, information controlled by a company (Barney, 1991). The theory has gone ahead to suggest that a business has competitive advantage when it crafts a successful strategy founded on company resources that cannot be replicated by a existing or potential rival. Furthermore, the theory positions that for capability and resource to give competitive edge, it must be valuable, exceptional, unable to be counterfeit, with no substitute, and not transferable.

The resource based theory believes that a firm’s resources are varied in nature and not totally/freely transferable which has led to alterations among firms. This is to say, the heterogeneity of resources has led to commercial heterogeneity. Since the resources are not totally mobile, the heterogeneity among firms, they are bound to exist for a long time. If a business with rare resources is able to craft value and its resources either cannot be copied by its rivals, or simply substituted by other resources, then such a firm has monopoly locus and therefore condition necessary for realizing sustainable competitive advantage and the extra profits.

According to Fahy (2000), using the RBV of the business insights into the nature of competitive advantage, it has by now made a vital contribution to the field of
strategic organization. The RBV, which has profited from the precision of its economic roots, greatly improves the understanding of the nature and causes of sustainable competitive advantage (SCA). It aids to clarify why some resources are more benefit-generating than others and why resource irregularities and resulting competitive advantages carry on even in settings of open competition. Fahy (2000) also distinguished nevertheless, that the huge majority of contributions within the RBV have been of a theoretical rather than an experimental nature, with the result that many of its essential views still remain to be confirmed in the field. Furthermore, there were some arguments about both the nature and the causes of competitive advantage and the relevancy of the resource-based view. The most prominent were the arguments raised in Academy of Management Review (2001) between Barney (2001a) and Priem and Butler (2001) on the validity and relevancy of the resource-based view of maintainable competitive advantage, based on Barney’s 1991 article, and also supplementary debates from numerous scholars on the issue as issued by Academy of Management Review (2001 and 2002) as cited in Raduan, Jegak, Haslinda and Alimin 2009).

According to Porter (2005), differentiation strategy is one in which a business offers services or products with distinctive aspects that customers value. The value added by the distinctiveness lets the business command a superior price. The vital characteristic of differentiation strategy is apparent quality (whether real or not). This may be through greater technology, customer service, product design, dealer network or other scopes (Porter, 2005). The benefit of differentiation is that apparent quality and brand loyalty protects business from threats from any of the five forces that regulate the level and state of competition in an industry. Price upsurges from dominant suppliers can be approved on to consumers who are willing to pay. Consumers have only one source of supply. Brand loyalty guards against substitutes and is also a barrier to new entrants.

According to Fratto, et al (2006), differentiation is a business strategy where businesses try to gain competitive advantage by growing the perceived value of their products or services comparative to the perceived value of other company’s products or services. Therefore, other companies can either be that company’s rivals or companies that offer substitute services or products. For instance, Rolex tries to differentiate its watches from Timex watches by developing them in dense gold cases. Likewise, Mercedes tries to
differentiate its cars from Hyundai’s cars through classy engineering and high performance. Porter (1991) says that differentiation falls into two wide groups: empirical research and conceptual distinctions. Formulation of differentiation strategy distinguishes that this is a strategy for making a business’s service more competitive, in such a competitive market. This includes making a product somewhat different from other similar products, by changing certain aspects. Studies have shown that such qualities will make customers to observe it to have properties, which make it different from rival services or products.

According to Chamberline and Robinson (2006), differentiation knows that customers are many and widely scattered, with varied needs and ample spending power, for them all to desire the same service or product will move goods from competing based mainly on price to contending on non-price factors, or advertising variables. If customers value a company's offer, they will be less subtle to features of competing deals; whereby price may be a non-issue. The goal of differentiation is to advance a position that prospective customers see as distinctive based on some features that gratify that class of clients. An effective product differentiation strategy will transfer products from contending based largely on price to competing on non-price aspects, or promotional variables (Gillen and Lall, 2004).

2.2.3. Differentiation vs. Competitive Advantage

Generally, few studies have investigated direct correlation between differentiation strategy and business performance. Moreover, some of those researches were carried out in the developed countries. However, some past studies that have examined the relationship between the differentiation strategy and business performance are as follows:

The findings of a study carried out by Acquaah and Yasai-Ardekani (2008) show the profitability and viability of implementing differentiation, cost leadership, and a blend of the singular strategies. Yet, the performance advantages to businesses executing a blend strategy do not considerably vary from the performance of businesses implementing the differentiation strategy only. Furthermore, businesses that implement a comprehensible competitive strategy (blend, cost-leadership, or
differentiation or focus strategy) tend to advance substantial incremental performance benefits.

Correspondingly, the findings of the study carried out by Amoako-Gyampah and Acquaah (2008) who scrutinized the connection between manufacturing strategy and competitive strategy and their effect on business performance show that there is a positive correlation between competitive strategy and the manufacturing strategies of delivery, flexibility, cost, and quality. Furthermore, the findings show that quality is the only manufacturing strategy factor that influences performance indirectly.

2.3 Effect of Cost Leadership on the Competitive Advantage of Shopping Malls

2.3.1 Cost Leadership Strategy

According to Porter (2005), a cost leadership strategy is one in which a business attempts to have the lowest costs in the industry and provide its products in an extensive market at the least prices. A business tailing a cost-leadership strategy tries to gain a competitive advantage principally by dipping its economic costs lower than its competitors (Porter, 2005). Features of cost leadership comprise low level differentiation, aim for normal consumer, and use of information gotten from past production to lower production costs, and the totaling of new product features only after the market demands them. Cost leadership has benefits of guarding the business from new entrants. This is because a value reduction can be used to guard against new entrants.

According to Fratto, et al (2006) there is a relationship between company size measured in terms of size of production - and costs - measured in terms of average costs per unit of production. The optimal volume of production is gotten when the average costs per unit of production is lowest (Hill and Jones, 2002). A firm with a high level of production is able to buy and use special manufacturing gears that cannot be retained in operation in small businesses. Bulk production may permit a firm to craft larger manufacturing processes. Large-volume businesses will be able to shape lower per unit cost industrialized processes and will have lower average costs of production. The resource-based view of the business (RBV) draws attention to the business’s internal setting as a driver for competitive advantage and highlights the resources that businesses
have advanced to compete in the setting. During the initial strategy growth phase of Hoskisson’s interpretation of the growth of strategic thinking (Hoskisson et al. 1999), the emphasis was on the internal aspects of the business. Researchers such as Ansoff (1965) and Chandler (1962) made vital contributions to developing the Resource-Based View of strategy (Hoskisson et al. 1999). The study is founded on the resource-based view theory of the business which encompasses an increasing and principal extent of the strategy literature which discourses the question of a firm’s identity and it is largely concerned with the basis and nature of strategic abilities. Michael Porter’s generic strategies improve competitive edge to businesses through performance (Raynor, 2007). The resource-based perception has an intra-organizational emphasis and contends that performance is a consequence of business-specific capabilities and resources. The foundation of the resource-based view is that successful businesses will find their future effectiveness on the improvement of characteristic and exclusive proficiencies, which may frequently be inherent or imperceptible in nature (McGahan, 2007).

Resource based view (RBV) examines and interprets resources of the businesses to recognize how firms achieve justifiable competitive advantage. The RBV emphasizes on the concept of difficult-to- imitate qualities of the business as sources of greater performance and competitive advantage (Barney, 1986; Hamel and Prahalad, 1996). Resources that cannot be easily reassigned or acquired, that need an extended learning curve or a key change in the business culture, are more likely to be distinctive to the business and, thus, more difficult to emulate by opponents.

According to Barney (1991), when a business is executing a value creating strategy not concurrently being applied by any existing or potential competitors, such a business has competitive advantage. Furthermore, competitive advantage is defined as an edge that one company has relative to competing companies. This is to say, a competitive advantage occurs when the company is able to offer the same benefits as rivals but at a relatively lower cost (cost advantage), or provide benefits that surpass those of rival products (differentiation advantage). The basis of the advantage can be something the firm does that is unique and difficult to copy, also referred to as core proficiency (Prahalad and Hamel, 1990).
According to Madhani, (2009), performance discrepancy between businesses depends on its ownership of unique capabilities and inputs. Therefore, the core of strategy is or should be defined by the business’s distinctive resources and capabilities. Moreover, the value creating prospective of strategy that is the business’s ability to create and endure a profitable market position, analytically rest on on the rent creating capacity of its fundamental resources and capabilities (Thompson and Strickland, 2007). If all the businesses were equivalent in terms of resources there would be no cost differences among them because any strategy could be realized by any business in the same industry. The fundamental logic clasps that the sustainability of effects of a competitive locus rests primarily on the cost of resources and abilities used for realizing the strategy pursued.

Similarly, Hill and Jones, (2002) affirm that general cost leadership necessitates businesses to develop strategies intended at becoming and remaining the lowest-cost manufacturer and/or supplier in the industry. Business strategies intended at controlling costs include creation of efficient-scale amenities, close-fitting control of costs and overhead, evasion of marginal customer accounts, minimization of operating expenditures, decrease of input costs, close-fitting control of labor expenses, and lower distribution expenses. The low-cost leader advances competitive advantage by getting its production or distribution costs lower than its rivals. The strategy is particularly vital for businesses selling unbranded merchandises (Fratto, et al, 2006).

According to Hunger and Wheelen (2005), a business with a cost-leadership strategy tries to gain a competitive advantage mainly by having its economic costs below its competitors. If implemented by many firms or if no firms face a cost disadvantage in emulating a cost-leadership strategy, and then being a cost-leader does not create a sustained competitive advantage for a business. The ability of a valued cost-leadership competitive strategy to spawn a sustained competitive advantage relies on that strategy being exceptional and expensive to imitate.

Low cost compared to competitors is the subject running through the whole cost leadership strategy and the purpose is obviously general industry cost leadership. Achieving cost leadership characteristically needs hostile construction of effective scale amenities and dynamic chase of cost discounts through tight cost, experience, and
overhead control, evasion of peripheral customer accounts, and cost minimization in extents like sales force, service, advertising, etc. When trying to realize a general cost leadership locus, low cost comparative to competitors is the subject running through the whole strategy.

To comprehend how general cost leadership strategy may make greater profitability, it is essential to recognize the profits of a low-cost locus. As advocated by Porter “[a low-cost locus] offers a business a guard against competition from rivals, because its lesser costs mean that it can still get returns after its rivals have vied away their proceeds through competition. A low-cost locus guards the business against influential purchasers because purchasers can use power only to pull down prices to the level of the next most proficient rival. Low cost offers a guard against influential suppliers by giving more elasticity to deal with input cost upsurges.

The aspects that clue to a low-cost locus frequently also offer considerable entry barriers in terms of cost advantages or scale economies. Lastly, a low-cost position frequently places the business in a satisfactory position regarding substitutes comparative to its rivals in the industry.” Because cost advantages and scale economies incline to guard a business against influential buyers and suppliers and offer considerable entry barriers, realizing a low general cost position frequently necessitates a high comparative market share. This is to say, cost advantages can generate value for a business by decreasing the five pressures of entry, substitutes, rivalry, suppliers and buyers.

More precisely, Barney & Hesterley (2006) contend that there are six key cost benefits, or, bases of cost advantages for businesses that effectively assume cost leadership: 1.Size variances and economies of scale, 2.Size variances and diseconomies of scale, 3.Experience variances and learning-curve economies, 4.Disparity low-cost access to prolific inputs, Technological benefits autonomous of scale, and 6. Policy selections. Additionally, the writers clarify that the ability of a valued cost leadership strategy to craft a viable competitive advantage is restricted upon the strategy being exceptional and expensive to copy.

Liu and Huang (2009) denote that organizations with comparable resources frequently have difference in the effectiveness of resources usage brought about by the
variances in proficiency, which is the purpose for the deep-seated competitive advantage. Prahalad and Hamel (1990) defined fundamental competence as the accrued knowledge of the business, particularly about how to manage the different abilities of production and the organic incorporation of a diversity of methodological flow of knowledge. Core effectiveness is a blend of many features; it is the blend of technology, authority mechanisms and cooperative learning. Core effectiveness is the pool of a set of abilities and technology, not a single skill or technology. It is a basis of competitive advantage.

From the literature reviewed, there are three main aspects of core capability: The core capability has the full user value, able to create value and reduce costs; the core capability is unique, it is difficult to imitate by competitors; the core capability must have the ability to provide support for the organization to access a number of markets. The main differences between the two concepts are as follows: The capability theory is of the opinion that the core capability is the foundation of firm sustainable competitive advantage, whereas the resources based theory considers that the strategic resource is the basis of sustainable competitive advantage; The capability model takes the ability of resources nature and conventionality as part of the fundamental capability, while resource - based theory take the firm capability as part of business’s resources; The capability theory highlights that the organization advance business strategy around essential capability, whereas the resource based theory highlights the need for resource-based competitive strategies. Barney (1991) determines that resources and capabilities of organizations are solutions to crafting sustained competitive advantage and realizing superior performance.

2.3.2 Cost Leadership and Competitive Advantage
One of the most quoted sources of cost advantage for a business is its size (Pearce and Robinson, 2002). There is a connection between business size measured in terms of size of production and costs, measured in terms of average costs per unit of production (Fratto, et al, 2006). The optimum volume of production is achieved when the average costs per unit of production is least (Hill and Jones, 2002). A business with a high level of production is capable purchasing and using specialized manufacturing instruments that cannot be retained in operation in small businesses.
A high bulk of production may let a business to build superior manufacturing procedures. Large-volume companies will be able to form lower per unit cost manufacturing processes and will have lower average costs of production. Hill and Jones, (2002) emphasize that general cost leadership necessitates businesses to advance strategies aimed at becoming and remaining the lowest-cost manufacturer and/or distributor in the market. Business strategies intended at monitoring costs include crafting of efficient-scale amenities, evasion of marginal customer accounts, tight control of costs and overhead, minimization of operational expenses, decrease of input costs, tight control of labor costs, and lesser distribution costs. The low-cost leader advances competitive advantage by getting his/her costs of distribution or production lower than those of the other businesses in its market.

2.4 Effect of Focus Strategy on the Competitive Advantage of Shopping Malls

2.4.1 Focus Strategy

According to Porter (2005), focus strategy includes targeting a certain market section. This means serving the division more effectively and efficiently than the rivals. Focus strategy can be either a differentiation or cost leadership strategy intended towards a thin, focused market. Benefits of focus strategy include having control over consumers since the business may be the only source of supply. Customer loyalty also protects from new entrants and substitute products. The firm adopting focus strategy can easily stay close to customers and monitor their needs. Kombo (2007), in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment.

The firms introduced new methods in product growth, differentiated their products, targeted and segmented their clients more and developed customer service. Karanja (2012) perceives in a study of real estate companies in Kenya that increase in the number of players has led to amplified competition. The most widespread type of competitive strategy was on the foundation of focused differentiation. Companies inclined to target some levels of customers particularly the middle and upper class who resided in certain targeted estates.
Focus strategies are consigned to help a business target a particular niche in an industry. Unlike other competitive strategies that are intended to target a wider or industry-wide market, focus strategies target at exact and characteristically small niche. These niches could be a specific consumer group, a thin segment of a specified product line, a geographic market, or a niche with characteristic, special preference and tastes. The fundamental idea behind a focus strategy is to concentrate the business’s activities in means that other larger-line (differentiation or low cost) businesses cannot achieve too, Superior value, and therefore higher success, are produced when other broader-line businesses cannot concentrate or conduct their actions as well as a dedicated business. If a segment or a niche has features that are unique and lasting, then a business can advance its own set of barricades to entry in much the similar way that big reputable firms do in larger markets.

Businesses can construct a focus in two ways. They can assume a cost-based focus in attending a specific niche or section of the market, or they can assume a differentiation based focus. Focus strategies are diverse from differentiation strategies and low-cost leadership in terms of the extent of the target market. Within a specific niche or targeted market, nevertheless, a dedicated business can follow a lot of the target market. Therefore, several of the sources of competitive advantage mentioned earlier for differentiation and cost also relate to focus strategies at the segment or niche level. It is vital to recall that focus strategies try to follow differentiation or low-cost with respect to a much thinner targeted product segment or market niche. Therefore, the skills and resources that the business uses must be specific too.

In effect businesses with highly advanced focus/specialization strategies have advanced a characteristic ability in guarding their niches from bigger firms that have trouble understanding or attending to their target clients. The number of instances of businesses finding and constructing by-based focus strategies is rising. For instance, in numerous parts of Kenya, several mini-malls have started operations. These mini-malls are designed to cater to a particular taste or regional market. Even though these malls represent no real threat to large shopping malls, they could slice out a substantial local market occurrence in metropolises such as Nairobi, Kisumu and Mombasa.
By serving a thin market niche, businesses that employ focus strategies regularly can remain extremely profitable, even when the larger industry seems to be unappealing. Businesses that practice focus/specialization strategies search for a niche and shun differing from it. Focus of resources and determination to serve and guard a niche makes the focused business less susceptible to major variations in the market’s competitive setting. Hitherto, even a focus strategy carries its own set of pros and cons.

The main benefit of a focus strategy is that the business is able to slice a market niche against bigger, broader-line rivals. Some businesses following this strategy have even been capable of locating niches within niches, therefore further protecting themselves from the efforts and attention of bigger, industry-wide actors that cannot attend to the niche as well. Therefore, defensibility and evasion of direct, price-based rivalry are vast benefits that ensue from a focus strategy. In several cases, a focus strategy allows a business to advance other sources of value-adding undertakings that add to cost or differentiation.

The biggest shortcoming facing the focus strategy is the threat that the primary market niche may slowly swing more toward features of the bigger market. Distinct tastes and product features may distort over time, therefore decreasing the defensibility of the niche. This may be mainly the case when preferences and tastes, once deliberated striking or nouveau at a prior period, become more broadly recognized and even copied by bigger market segments. An allied risk is the prospective for broad-line players to advance new technological inventions or product characteristics that may redefine the purchasing preferences of the niche. For instance, the increasing use of elastic, progressive industrial technology makes it probable for bigger firms to create ever-smaller amounts of products that could be used to aid a diversity of segments or market niches.

In the current rapidly changing business and economic environments, firms compete for revenue, customers, market share with services and products that meet customer’s requirements. Universal competition has ushered technological changes whereby consumers are demanding for higher quality services and products with lower prices. More so, this amplified rate of universal competition has brought about decrease in product life cycle. This has led to much stress being placed on
organizational capabilities and conception of competitive advantage which is supposed would give them an edge over other rivals.

Even though, competitive advantage has been the focal point of discussions of business strategy, a fixed definition of the word is quite subtle. Nevertheless a common subject has remained ‘value creation’. According to Porter (1985), ‘competitive advantage is at the soul of a business’s performance in competitive markets’ This indicates that, competitive advantage means having differentiation advantage, low costs, or a successful focus strategy. Moreover, he contends that ‘competitive advantage grows fundamentally out of value a firm is able to create for its customers that surpasses the business’s cost of crafting it’ (Porter, 1986). Porter’s opinions reflect the common weaknesses, strengths, opportunities, and threats (SWOT) outline for evaluating competitive advantage. Competitive advantage stalks from a business’s ability to influence its internal strengths to react to outside environmental prospects while evading internal weaknesses and external threats (Mooney, 2007).

Nevertheless, an alternative to this outline is the resource-based outlook of a business which contends that the basis of sustained competitive advantage is to emphasis on superior resources of a business (Barney 1991). Additionally, Barney links competitive advantage to performance, contending that “a company attains above-normal performance when it produces better-than-expected worth from the resources it hires (Barney, 2002). A firm’s resources according to Barney comprises of all capabilities, assets, organizational procedures. In customary strategic study language, business’s resources are strengths that firms can use to conceive of and realize their strategies. These resources are largely characterized into; Human capital resources, Physical capital resources and Administrative capital resources.

Business arenas and mainly the product markets nowadays are experiencing the universal wave of technology-compelled competition, manufacturing globalization because of faster provisional flows of money and materials, shortening of produce life-cycles, the need for superior incorporation of technologies and progressively refined customers (McGrath at al 1992). Additionally, many organizations have come to
understand that so as to offer value and gain customers, there is a need to rapidly and correctly recognize variations in customer needs, advance more complex products which would please those requirements and needs, offer higher levels of shopper support and service. As well as the above mentioned matters businesses organizations are faced with, are the more recent vital strategic gaps they encounter. These gaps include the abolition of industry limits, fewer differences between service and industrial businesses, major progresses in logistics, computer assisted communication and design, and opening of international markets (Hitt, Keats, and DeMarie, 1998).

Porter (1985) contends that, in markets where capacity surpasses demand, value creation usually necessitates competitive advantage. A firm with a competitive advantage reliably outpaces competitors, viz., it earns superior economic profits (Porter, 1985). To realize competitive advantage, businesses seek the best match between organizational capabilities and market prospects. Rare, if any, competitive advantages can be sustained forever, so the firm must repeatedly seek opportunities to craft the most value.

Organizations incline to vary in terms of production approaches, brand names, product features, locations, and other aspects. The critical variances that define failure or success are the bases of competitive advantage. The business’s earnings are partial to its competitive advantage. It can attain no more than the extra value it generates more than that of its competitors (Porter, 1985. Consequently, competitive strategy needs both value creation relative to rivals and seizing a share of that value through dealings with customers and suppliers. To outdo rivals for customers, the organization must craft total value that is superior than or at least as pronounced as that of its rivals.

2.4.2 Focus Strategy vs. Competitive Advantage
According to Barney (2006), cost leadership is inclined towards industry-wide acknowledgement. The final generic strategy, concentrating (also called forte or division strategy), includes concentrating on a specific customer, channel of distribution, geographical area, product line, stage in the production process, or market niche. The
fundamental principle of the focus strategy is that a business is better able to assist a limited division more proficiently than rivals can serve a larger range of customers.

According to McGahan (2007), firms using a focus strategy apply a differentiation or cost leader strategy to a division of the larger market. Businesses may therefore be able to differentiate themselves founded on meeting customer requirements, or they may be capable of achieving lower costs within restricted markets.

Focus strategies are most operational when customers have characteristic preferences or specific needs (Hingley, et al, 2008). Certo and Peter (2007) contend that a focus strategy is regularly apt for small, aggressive businesses that do not have the capability or resources to involve in a countrywide marketing effort. Such a strategy may also be proper if the target market is too small to upkeep a large-scale operation. Many companies start small and grow into a countrywide organization. For example, Wal-Mart started in small townships in the South and Midwest. As the business gained in market familiarity and recognition, it extended through-out the South, then nationally, and now globally. Wal-Mart began with a concentrated cost leader strategy in its partial market, and later was able to grow beyond its early market division (Akan, et al, 2006).

2.5 Chapter Summary

This chapter has examined existing literature on strategies employed by firms to advance competitive advantage. The review also aimed specifically at understanding three areas of interest, namely; the effect of the differentiation strategy on the competitive advantage of shopping malls; examine the impact of cost leadership on the competitive advantage; and to assess the effect of the focus strategy of the competitive advantage. The review has shown that while the concept of competitive strategies is well-documented scholars overly divided over the key areas of interest. Furthermore, the existing literature assesses competitive strategies in general and implicit terms that fail to directly address the three research objectives. As such the study aimed at developing an explicit conceptualization of the competitive strategies adapted by shopping malls in Nairobi by focusing on the three research objectives. Chapter Three provides the research methodology that will be used in the study. The chapter describes the research design, the population and sample design, the data collection methods and procedures as well as the data analysis method.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design that was employed in this study. It also describes the population and sampling design, data collection methods, research procedures and data analysis methods that was used in this study.

3.2 Research Design

Cooper and Schindler (2003) opine that a research design can be conceptualized as the plan or the framework through which the researcher organizes the study. As such, it denotes a blueprint for the study by defining integral aspects of the research process including the steps that the research intends to take in the course of conducting the research. Mugenda and Mugenda (1999) provide further that through the research design, the research communicate the methods and techniques, which he or she employs in the course of the study. The research design chosen implies the various critical aspects the research undertaking including the sampling method. The sampling size as well as the methods to be employed during the data analysis stage (Cooper & Schindler, 2003)

The research design that the researcher used in this study was an explanatory research design. The justification of these research design emerged from the fact that such an approach facilitates the assessment of the how and why (Kumar, 2005). Moreover, an explanatory research design includes various descriptive elements but transcends these to establish the causal underpinning elements of the relationship. Hence, the an explanatory research design is further justified by the fact that it was essential for the study because it facilitates the explanation and assessment of not only the strategies that Shopping Malls within Nairobi have employed but also how these strategies give them a competitive edge over their competitors in the market.
3.3 Population and Sampling Design

3.3.1 Population

Population is construed as the sum total of the events, individuals, subjects, items and happening that possess unique features that the researcher is interested in studying (Cooper and Schindler, 2003). The research draws a research sample from the population and the validity of the research findings is determinable by the extent to which the research findings can be generalized upon the entire population. The population of this study comprised of 50 managers of Village Market, Yaya Center, Sarit Center, Green Span Mall and the Junction Mall.

Table 3.1: Population

<table>
<thead>
<tr>
<th>Mall</th>
<th>No. of Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Market</td>
<td>12</td>
</tr>
<tr>
<td>Yaya Center</td>
<td>10</td>
</tr>
<tr>
<td>Junction Mall</td>
<td>8</td>
</tr>
<tr>
<td>Green Span Mall</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

Getting a sample involves selecting some elements of the population and using it to draw conclusions regarding the entire population (Mugenda & Mugenda, 1999). According to Cooper and Schindler (2011), a good sample should be a representative of the population. The study employed the use an aspect of census sampling technique known as total population sampling. This study used census sampling approach for various reasons including lowering cost, increasing the accuracy of results, and facilitating speedy data collection, as well as accessibility of population elements.

3.3.2.1 Sampling Frame

Mugenda and Mugenda (1999) construe the sampling frames as a conglomeration of events and happenings from which a sample be drawn. It contains a list of individuals, items or events, which the research can sample for the study (Cooper and Schindler,
In this study, the sampling frame for the study contained the names of the individuals working as managers in the relevant department of the five shopping malls. The lists of these individuals were obtained from the mall management offices.

### 3.3.2.2 Sampling Technique

According to Cooper and Schindler, (2011) sampling is the practice of picking certain aspects from a population to represent the population as a whole. The study adopted the census sampling. This is because the study was particularly interested in a certain group of respondents; hence, the entire management of the malls was targeted.

### 3.3.2.3 Sample Size

A sample size is characteristically one that has some comparative association to the size of the population from which it is drawn. In order for the researcher to get a representative sampling size, then, the sampling size must be large (Cooper and Schindler, 2003). As mentioned previously, the study employed the use of total population sampling. Total population sampling is a technique of census sampling whereby the researcher examined the entire population of 50 shopping mall managers from the selected malls. This is because this population was considered as possessing the specific experience, exposure to events of interest to the study as well as the knowledge that the researcher intended to assess or obtain. Furthermore, this approach was taken because the target population for the study that possesses the specific characteristics is very small.

Sample Size = 50 managers

### 3.4 Data Collection Methods

Structured questionnaires were used in the study to collect data from the potential research participants. The use of structured questionnaires is regarded vital and effective, as it facilitated an exhaustive collection of the relevant data from the potential respondents. Furthermore, this technique of data collection was preferred since it allowed a faster and a higher response rate from potential respondents who have busy schedules (Mugenda & Mugenda, 1999).
Structured questionnaires had four vital parts or sections. The first part of the data collection instrument was the background information. It consisted of queries that directed at soliciting responses, which made possible the understanding of the respondents’ background. The rest of the data collection instrument comprised of questions that relate to the three specific research objectives namely; the impact of differentiation on the competitive strategies of shopping malls; examine the impact of focus strategy on the competitiveness of major shopping malls in Nairobi; and impact of cost leadership on the competitive advantage of the shopping malls.

3.5 Research Procedures

Mugenda and Mugenda (1999) have explained that the research procedure is the description of the sequence of activities that the researcher undertakes in the course of conducting a survey. A proper and an efficient research procedure allow the researcher to derive credible and valid data from the field and have the potential to add significantly to the applicability of the study findings (Cooper and Schindler, 2003). In other words, the research procedure is the systematic account of the activities that the researcher undertook when collecting data from the respondents. In the research procedure, the researcher also highlighted the subject scheduling, as well as the methods of data collection (Cooper and Schindler, 2003).

In this study, the researcher designed structured questionnaires, which were then presented to the potential respondents in the survey. This however was preceded with the identification of the suitable research sample size for the study among which the study will be conducted. The structured questionnaires consisted of four parts of which the last three parts sought answers and responses regarding the three research questions.

To eliminate the possibility of respondent fatigue, the researcher tried to keep the instrument short and relevant. The reason for the use of the structured questionnaire was to provide a faster rate of response and also allow the respondents to make further clarifications of their responses so that correct and precise data can be obtained. After, the data was collected; the researcher encoded the data and prepared it for analysis.
3.6 Data Analysis Methods

The study assumed a mix of qualitative and quantitative approaches of research. As such, the researcher used logical and content analysis method to analyze the qualitative data that was obtained from the secondary sources of information. For the quantitative data that was obtained from the survey, the researcher used both descriptive and inferential statistics to present and analyze the data. Mugenda and Mugenda (1999) explain that descriptive measurements involves the use of frequency distribution tables, cross tabulations, bar graphs and figures to analyze and present the data.

The inferential statistics included the Chi-Square tests, the determination of central tendencies and deviations and the calculation of correlations among others. These statistics provided an-depth information about the data that facilitated the conceptualization of the nexus between Competitive strategies and a Shopping malls’ competitive advantage. In this study, the researcher used MS Excel and the Statistical package (SPSS) to produce and the descriptive statics and the inferential statistics for the study.

3.7 Chapter Summary

Chapter Three has provided the research methodology for the study. The chapter has identified and described the research design for the study. Chapter Three has also presented the population and the sampling design that the research used in the study. The research has also clarified the methods of data collection, the research procedures and the methods of data analysis to be employed in the study. The next chapter, Chapter Four, will provide the results and the findings of the study. Chapter Five will provide the summary of the study, the discussion of the major findings of the study, the conclusions and the recommendations.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter discusses research findings of the study which was aimed to analyze the competitive strategies that create competitive advantage among Shopping Malls in Nairobi. The chapter presents the analysis of the findings guided by questionnaire responses. The analyses was divided into the following themes: - first section analysed response rate; the second theme presented respondents’ demographics while the third theme did a detailed analysis on competitive strategies that create competitive advantage among Shopping Malls

4.1.1 Response Rate

Table 4.1 reveals that, of the total population of 50 managers from the sampled malls, all were available during time of study and 50 questionnaires were administered. All the 50 questionnaires were returned of which 41 were complete and usable. According to Baruch and Haltom (2008) when there is a difference in total returned versus usable questionnaires, researchers should utilise the number of usable questionnaires as the numerator in calculating response rate. Therefore, the response rate for this research is 82%. The response rate achieved for this study is illustrated by table 4.1

Table 4.1 Response Rate for the Population

<table>
<thead>
<tr>
<th>Target Population</th>
<th>50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants available</td>
<td>50</td>
</tr>
<tr>
<td>Total response</td>
<td>41</td>
</tr>
<tr>
<td>Non – response bias</td>
<td>20%</td>
</tr>
<tr>
<td>Usable responses</td>
<td>41</td>
</tr>
<tr>
<td>Un – usable responses</td>
<td>9</td>
</tr>
<tr>
<td>Usable responses rate</td>
<td>82%</td>
</tr>
</tbody>
</table>
4.2 Demographics

The researcher sought to find out the managerial positions the participants held in the mall and the tenure with the Shopping Mall?

Table 4.2: Frequency Distribution of Respondents by Managerial Position

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>4</td>
<td>9.7%</td>
</tr>
<tr>
<td>Sales manager</td>
<td>10</td>
<td>24.4%</td>
</tr>
<tr>
<td>Brand manager</td>
<td>4</td>
<td>9.7%</td>
</tr>
<tr>
<td>Store manager</td>
<td>4</td>
<td>9.7%</td>
</tr>
<tr>
<td>Business owner/tenant</td>
<td>19</td>
<td>46.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Table 4.2 revealed that most (19, 46.5%) of the respondents were business owners/tenant, followed by sales managers (10, 24.4 %). This was followed by brand managers (9.7%), store managers (9.7%) and operations managers (9.7%). The findings could mean that most tenants in the shopping malls are sole proprietors. The results are in line with another study conducted by Ombui (2012) which noted that most entrepreneurs in Kenya are sole proprietors. Managerial position was significant to the study because individuals at different departments in a shopping mall setting often interact with diverse clients with distinct needs to be met and often share different job experiences. This depicts that managerial position can influence competitive strategies that create competitive advantage among Shopping Malls.
Figure 4.1: Frequency Distribution of Respondents by Tenure with the Shopping Mall

The findings in figure 4.1 revealed that more than half of respondents (51%) had worked in the specific shopping malls for a period between 6 and 11 years. Followed by 34% who had worked in the shopping mall for over 11 years during the time this study. 15% of the participants indicated that they had worked in the shopping mall for a period between 1 and 5 years. This finding could mean that majority of the participants had a reasonable experience in the sampled shopping malls and could therefore provide credible information about the topic under study.

4.2.1 Competitive Strategies Adopted by Shopping Malls

This section sought to find out which competitive strategies has the sampled shopping malls focused on. When asked which competitive strategies has the shopping mall focused on the most, figure 4.2 below shows the results.
Figure 4.2: Competitive Strategies Adopted by Shopping Malls

Figure 4.2 reveals that the highest percentage (61%) of the participants indicated service differentiation strategy. Followed by cost leadership (24%) while 15% of the participants indicated focus strategy. This could mean that the sampled shopping malls offer quality services with special features like ample parking to tenants and customers, physical ambience among others. This goes to mean that the sampled shopping malls are headed towards achieving competitive advantage if differentiation strategy is sustained among the sampled malls. The findings are supported by another study conducted by Shammot (2012) which found that differentiation strategy can be an instrument of competitive advantage which is assumed by firms so as to offer products that gratifies individual shopper’s needs. In sustaining individual shopper’s needs, quality has become a key differentiating feature among products.

4.3 The Effect of Service Differentiation on the Competitive Advantage of Shopping Malls in Nairobi.

In answering the first study question, this section sought to determine the effect of service differentiation on the competitive advantage of Shopping Malls in Nairobi. To achieve this, the study focused on: competitive strategies adopted by the shopping malls and response on differentiation strategy and competitive advantage.
4.3.1 Response on Differentiation Strategy and Competitive Advantage

Respondents were asked to indicate their level of agreement/disagreement on the extent to which the specific shopping malls have incorporated differentiation as competitive strategy.

**Table 4.3: Frequency Distribution on Differentiation Strategy**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The mall offers products or services with unique features that customer’s value</td>
<td>6 (14%)</td>
<td>7 (17%)</td>
<td>3 (7%)</td>
<td>10 (24%)</td>
<td>16 (38%)</td>
<td>3.54</td>
<td>41 100%</td>
</tr>
<tr>
<td>The mall offers products that are designed in a superior way compared to the competitors’</td>
<td>2 (5%)</td>
<td>4 (10%)</td>
<td>1 (2%)</td>
<td>10 (24%)</td>
<td>24 (59%)</td>
<td>4.21</td>
<td>41 100%</td>
</tr>
<tr>
<td>The mall offers quality products and services that meets the satisfactions of our customers.</td>
<td>6 (15%)</td>
<td>3 (7%)</td>
<td>2 (4%)</td>
<td>15 (37%)</td>
<td>15 (37%)</td>
<td>3.73</td>
<td>41 100%</td>
</tr>
<tr>
<td>Our Differentiation Strategy has helped give us a competitive advantage over other shopping malls in the area</td>
<td>2 (5%)</td>
<td>4 (10%)</td>
<td>1 (2%)</td>
<td>10 (24%)</td>
<td>24 (59%)</td>
<td>3.73</td>
<td>41 100%</td>
</tr>
</tbody>
</table>

Table 4.3 above indicates that more than half (62%) of the participants agreed (38% strongly agreed, 24% agreed) that the malls offers products and services with unique features that customer’s value. 31% disagreed (14% strongly disagreed, 17% disagreed). Only a small percentage (7%) remained undecided. The findings could mean that the managers of the sampled shopping malls are keen to stand out from the peers in the sector. The results align to a study conducted by Harzing (2015) which found that realizing a position of competitive advantage is a predecessor to the important performance of a firm and that competitive advantage is influenced by operational efficiencies, top management team arrangement and style, human resource management, organizational structures, levels of diversification and manipulation of the administrative.
Further findings in table 4.3 above reveals that 83% of the participants agreed (54% strongly agreed, 24% agreed) that the specific malls offers products that are designed in a superior way compared to the competitors’. 15% disagreed (5% strongly disagreed, 10% disagreed) while 2% remained undecided. This could be explained by the fact that the sampled shopping malls (Village Market, Yaya Center, Junction Mall, and Green Span Mall) are high end shopping malls and are located in specific areas to serve a specific group: the elite. The findings are in line with a study done by Karl, (2013) which established that differentiation knows that customers are many and widely scattered, with varied needs and ample spending power.

In addition, further results in table 4.3 also established that more than half (74%) of the participants in the sampled populace agreed (37% strongly agreed, 37% agreed) that the specific malls offers quality products and services that meets the satisfactions of the customers. 22% disagreed while 4% remained neutral. The findings imply that the sampled malls will continue to be different from the others in the industry if this trend continues in the future.

4.4 The Effect of Cost leadership on the Competitive Advantage of Shopping Malls in Nairobi

The author was interested to know the effect of cost leadership on competitive advantage of Shopping Malls in Nairobi. Respondents were asked to indicate their level of agreement/disagreement on the effect of cost leadership on competitive advantage. The sections also analysed the response on cost leadership as embraced by the Shopping Malls.
Table 4.4: Frequency Distribution on Cost leadership and Competitive Advantage

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The mall applies low cost initiative to customers</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>19</td>
<td>13</td>
<td>3.78</td>
<td>41</td>
</tr>
<tr>
<td>(12%)</td>
<td>(7%)</td>
<td>(3%)</td>
<td>(46%)</td>
<td>(32%)</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Cost leadership strategy lower operations costs due to the elimination of</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>9</td>
<td>22</td>
<td>3.95</td>
<td>41</td>
</tr>
<tr>
<td>unnecessary costs</td>
<td>(15%)</td>
<td>(2%)</td>
<td>(7%)</td>
<td>(22%)</td>
<td>(54%)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>The mall applies high asset utilization to spread fixed costs</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>11</td>
<td>16</td>
<td>3.73</td>
<td>41</td>
</tr>
<tr>
<td>(5%)</td>
<td>(22%)</td>
<td>(7%)</td>
<td>(27%)</td>
<td>(39%)</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>The cost leadership strategy protects the mall from competition by other</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>10</td>
<td>24</td>
<td>4.21</td>
<td>41</td>
</tr>
<tr>
<td>malls</td>
<td>(5%)</td>
<td>(10%)</td>
<td>(2%)</td>
<td>(24%)</td>
<td>(59%)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Through cost leadership strategy the mall gains a competitive advantage</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>15</td>
<td>15</td>
<td>3.73</td>
<td>41</td>
</tr>
<tr>
<td>by reducing its prices below its competitors</td>
<td>(15%)</td>
<td>(7%)</td>
<td>(4%)</td>
<td>(37%)</td>
<td>(37%)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Customers prefer us because we offer low costs compared to other malls.</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>10</td>
<td>24</td>
<td>4.21</td>
<td>41</td>
</tr>
<tr>
<td>(5%)</td>
<td>(10%)</td>
<td>(2%)</td>
<td>(24%)</td>
<td>(59%)</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.4 above shows that the highest percentage (78%) of the participants agreed (32% strongly agreed, 46% agreed) that the specific malls applies low cost initiative to customers. 19% disagreed (12% strongly disagreed, 7% disagreed) while 3% of the participants remained undecided. This could mean that the sampled shopping malls have decreased the pressures of substitutes, rivalry, suppliers and buyers. These results align to Hunger and Wheelen (2013) who posited that business with a cost-leadership strategy tries to gain a competitive advantage mainly by having its economic costs below its competitors. Further findings in table 4.4 also show that 76% agreed (54% strongly agreed, 22% agreed) that cost leadership strategy lower operations costs due to the elimination of unnecessary costs. 17% disagreed (15% strongly disagreed, 2% disagreed) while 7% remained undecided. This goes to mean that the sampled malls have a sustained competitive advantage. Further results show that more than half (66%) of the participants interviewed agreed (39% strongly agreed, 27% agreed) that the specific shopping malls apply high asset utilization to spread fixed costs. 27% disagreed while 3% remained
neutral. This could imply that the sampled malls enjoy the benefits of economies of scale and the malls are guarded against influential buyers and suppliers.

This is supported by another study conducted by Martinez and Jarillo (2012) which found that Large-volume companies are able to form lower per unit cost production processes and have lower average costs of production. In addition, more findings indicates that the highest percentage (83%) of the participants interviewed agreed (59% strongly agreed, 24% agreed) that cost leadership strategy protects the mall from competition by other malls. 27% disagreed while 3% remained neutral. The results are in line with a study done by Barney (2013) which found that a low-cost position frequently places the business in a satisfactory position regarding substitutes comparative to its rivals in the industry.

Moreover, as per the results in table 4.4 above, more than half (74%) of the participants in the sampled populace agreed (37% strongly agreed, 37% agreed) agreed that through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors. 22% disagreed while 4% remained neutral. The findings are supported by Jones, (2014) who asserted that low-cost leader advances competitive advantage by getting the costs of distribution or production lower than those of the other businesses in its market.

### 4.4.1 Response on Cost Leadership as Embraced by the Shopping Malls

In this section, the researcher sought to establish the extent to which the sampled shopping malls have embraced cost leadership as a competitive strategy as shown in table 4.5 below.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Mean</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extensively</td>
<td>24</td>
<td>0.56</td>
<td>59%</td>
</tr>
<tr>
<td>Great extent</td>
<td>10</td>
<td>0.24</td>
<td>24%</td>
</tr>
<tr>
<td>Moderate</td>
<td>1</td>
<td>0.02</td>
<td>2%</td>
</tr>
<tr>
<td>Little extent</td>
<td>4</td>
<td>0.09</td>
<td>10%</td>
</tr>
<tr>
<td>Not at all</td>
<td>2</td>
<td>0.05</td>
<td>5%</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
When asked to indicate the extent to which the specific malls have employed cost leadership as part of competitive strategy, more than half (59%) of the respondents indicated *Extensively*, 24% indicated *Great extent*. However, 10% of the participants had a different opinion; they stated *Little extent*, while 5% indicated *Not at all* and the least percentage (1%) stated *Moderate*. The findings go to mean that the sampled shopping malls are capable of using specialized service/product instruments that cannot be retained in operation by rivals. The findings are in line with another study conducted by Cooper (2014) which indicated that a high bulk of production may let a business to build superior service delivery/product procedures.

4.5 The Effect of Focus Strategy on the Competitive Advantage of Shopping Malls in Nairobi

In answering the third specific objective, this section sought to determine the effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi. Respondents were asked to indicate the extent to which the specific shopping malls have incorporated focus strategy as a competitive strategy. Table 4.6 below presents the analysis.

**Table 4.6: Response on Focus Strategy as Embraced by the Shopping Malls**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Mean</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extensively</td>
<td>18</td>
<td>0.44</td>
<td>44%</td>
</tr>
<tr>
<td>Great extent</td>
<td>17</td>
<td>0.41</td>
<td>42%</td>
</tr>
<tr>
<td>Moderate</td>
<td>1</td>
<td>0.02</td>
<td>2%</td>
</tr>
<tr>
<td>Little extent</td>
<td>3</td>
<td>0.05</td>
<td>7%</td>
</tr>
<tr>
<td>Not at all</td>
<td>2</td>
<td>0.07</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>41</strong></td>
<td></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

When asked to indicate the extent to which the specific malls have employed focus strategy as part of competitive strategy, the highest percentage (44%) of the respondents indicated *Extensively*, 42% indicated *Great extent*. While 7% of the participants had a different opinion and stated *Little extent*. This was followed by 5% who indicated *Not at all* and the least percentage (1%) stated *Moderate*. The findings could mean that the sampled shopping malls are not targeting a particular niche as less than half of the participants gave a positive opinion on the application of the focus strategy.
The results could also mean that the sampled shopping malls lack the specific skills and resources to incorporate focus strategy as part of their competitive strategy. The findings are supported by the findings of another study done by Barney (2013) which stated that focus strategy is designed for mini-malls to cater to a particular taste or local market such as Nairobi, Kisumu and Mombasa.

Table 4.7: Frequency Distribution on Focus Strategy vs Competitive Advantage

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The focus strategy employed by the mall involves targeting a particular market segment</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>11</td>
<td>16</td>
<td>3.73</td>
<td>41</td>
</tr>
<tr>
<td>The shopping mall adopts focus strategy to stay close to its customers and monitor their needs</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>9</td>
<td>22</td>
<td>3.95</td>
<td>41</td>
</tr>
<tr>
<td>Focus strategy is the most popular type of competitive strategy in our mall that gives us a competitive advantage</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>15</td>
<td>15</td>
<td>3.73</td>
<td>41</td>
</tr>
<tr>
<td>The Focus Strategies that the shopping mall has adopted has given it an edge over other players in the industry</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>10</td>
<td>24</td>
<td>4.21</td>
<td>41</td>
</tr>
<tr>
<td>Through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>19</td>
<td>13</td>
<td>3.78</td>
<td>41</td>
</tr>
</tbody>
</table>

Table 4.7 reveals that more than half (66%) of the participants stated that focus strategy employed by the specific malls involves targeting a particular market segment. However, 27% disagreed while 7% remained undecided. The results means that the sampled shopping malls are located in high end customers living either Nairobi, Kisumu or Mombasa cities. The results are supported by a study conducted by Bill (2014) which
indicated that focus strategies are most operational when customers have characteristic preferences or specific needs.

Further findings indicate that 76% of the participants agreed that the specific shopping malls adopt focus strategy to stay close to its customers and monitor their needs, 17% disagreed while 7% were undecided. In addition, table 4.5 above reveals that the highest percentage (74%) of the participants stated that focus strategy is the most popular type of competitive strategy among the sampled shopping malls that gives the specific malls a competitive advantage, 22% disagreed and 4% remained undecided. This could mean that the sampled shopping malls have the capability and resources to involve in a countrywide marketing effort.

Moreover, the results show that 83% of the participants stated that the focus strategies that the specific shopping malls have adopted has given them an edge over other players in the industry, 15% disagreed while 2% remained neutral. The results are supported by Ansoff (2014) who posit that focus of resources and determination to serve and guard a niche makes the focused business less susceptible to major variations in the market’s competitive setting. This therefore goes to mean that the sampled shopping malls will continue to stand out as compared to their peers if they continue to embrace focus strategy in the future.

4.6 Inferential Statistics

4.6.1 Correlation

In this section, the researcher was interested in finding out which of the following competitive strategies is the most significant for achieving competitive advantage among the sampled shopping malls: differentiation strategy, cost leadership strategy and focus strategy. The table below shows the bivariate correlations.
The results in table 4.8 above reveal that there is a strong relationship between differentiation strategy and competitive advantage ($r = 0.322$, $p < 0.05$). This goes to mean that most of the sampled shopping malls are keen on providing quality and unique services to all markets.

4.6.2 Regression

Regression was used to determine which among the three competitive strategies: differentiation, cost leadership, focus are significantly related to the dependent variable (competitive advantage) and to explore the forms of the relationships. When a coefficient is equal to zero means no effect/ null hypothesis. A positive predictive value implies likeliness to have a consequence on competitive advantage while negative predictive value implies not likely to have a consequence on competitive advantage.

Below is the output for the SPSS ANOVA procedure to compare the means of three competitive strategies (differentiation, cost leadership, focus) with competitive advantage.

Table 4.9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.362a</td>
<td>.131</td>
<td>.059</td>
<td>.97076</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), FOCUS, DIFF_STR, COST_LEAD
Table 4.9 shows that R-squared = 0.13 or 13% variations in competitive advantage is explained by the three competitive strategies: differentiation, cost leadership, focus.

**Table 4.10: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.116</td>
<td>3</td>
<td>1.705</td>
<td>1.810</td>
<td>.163b</td>
</tr>
<tr>
<td>Residual</td>
<td>33.926</td>
<td>36</td>
<td>.942</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39.042</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* a. Dependent Variable: COMP_ADV  
* b. Predictors: (Constant), FOCUS, DIFF_STR, COST_LEAD

Form the results in table 4.10 above, Competitive advantage differed significantly among the three competitive strategies, F (2, 36) = 1.810, p < 0.01. This could mean that the sampled shopping malls apply competitive strategies in different ways and on different markets and geographical locations.

**Table 4.11: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-7.280</td>
<td>-1.289</td>
<td>.206</td>
<td></td>
</tr>
<tr>
<td>COST_LEAD</td>
<td>.385</td>
<td>.165</td>
<td>1.050</td>
<td>.301</td>
</tr>
<tr>
<td>DIFF_STR</td>
<td>1.904</td>
<td>.316</td>
<td>2.025</td>
<td>.050</td>
</tr>
<tr>
<td>FOCUS</td>
<td>.218</td>
<td>.043</td>
<td>.276</td>
<td>.784</td>
</tr>
</tbody>
</table>

* a. Dependent Variable: COMP_ADV

Form the results in table 4.11 above, Competitive advantage was most significant in differentiation strategy (B = 1.904) and less significant in cost leadership strategy and Focus strategy (B= 0.385 and 0.218 respectively).

Competitive Advantage = 0.385 Cost Leadership + 1.904 Differentiation + 0.218 Focus – 7.280.

This could mean that the sampled shopping malls provide quality and unique services to attain competitive advantage.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This was the final chapter of the study. It summarized the findings of the primary study, drew conclusions based on the findings of the study, provided recommendations as well as insight in the areas for further research. The following specific questions guided the chapter: - What is the effect of service differentiation on the Competitive Advantage of Shopping Malls in Nairobi?; What effect does cost leadership have on the competitive Advantage of Shopping Malls in Nairobi?; and What is the effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi?

5.2 Summary of Findings

The study sought to analyze the competitive strategies that create competitive advantage among Shopping Malls in Nairobi. To achieve this, the following three questions guided the study: The following specific questions guided the chapter: - What is the effect of service differentiation on the Competitive Advantage of Shopping Malls in Nairobi?; What effect does cost leadership have on the competitive Advantage of Shopping Malls in Nairobi?; and What is the effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi?

Applying explanatory research design, the study targeted 50 managers from the following shopping malls based in Nairobi: - Village Market, Yaya Center, Sarit Center, Green Span Mall and the Junction Mall. Census sampling approach was applied to interview all the managers using a structured questionnaire. The inferential statistics such as Chi-Square tests and correlations were applied to analyse the data. These statistics provided an-depth information about the data that facilitated the conceptualization of the nexus between Competitive strategies and a Shopping malls’ competitive advantage.

Regarding the effect of differentiation strategy on competitive advantage, the inferential statistics showed a strong relationship between differentiation strategy and competitive advantage. Further findings reported that more than half of the sampled shopping malls have embraced differentiation strategy as opposed to focus and cost leadership strategies.
Further findings revealed that the specific shopping malls offered products that are designed in a superior way compared to the competitors’.

In answering the second research question on effect of cost leadership strategy on competitive advantage, the findings showed that more than half of the respondents were unanimous that cost leadership strategy lower operations costs due to the elimination of unnecessary costs implying that the sampled malls have a sustained competitive advantage. The results meant that the sampled malls enjoy the benefits of economies of scale and the malls are guarded against influential buyers and suppliers. However, a considerable percentage of participants did not support the statement that cost leadership strategy protects the specific shopping malls from competition by other malls. The findings reported that the sampled shopping malls have decreased the pressures of substitutes, rivalry, suppliers and buyers by adopting cost leadership strategy.

Regarding the impact of focus strategy on competitive advantage, the findings reported that the sampled shopping malls might not necessarily be targeting a particular niche as a considerable number of the participants had a different opinion on the application of the focus strategy. This implied that the sampled shopping malls may be lacking the specific skills and resources to incorporate focus strategy as part of their competitive strategy. The results of this study therefore provides a valuable reference for top shopping malls in Kenya in terms of implementing competitive strategies as this would help them achieve competitiveness and sustainable performance.

5.3 Discussion

5.3.1 Effect of Service Differentiation on the Competitive Advantage of Shopping Malls in Nairobi.

More than half of the participants stated that the specific shopping malls offered products and services with unique features that customer’s value. Respondents agreed unanimously that the sampled shopping malls have embraced differentiation strategy as opposed to focus and cost leadership strategies. The study findings established that the managers of the sampled shopping malls were keen to stand out from the peers in the sector. Similarly, the literature reviewed established that realizing a position of competitive advantage is a predecessor to the important performance of a firm and that competitive advantage is
influenced by operational efficiencies, top management team arrangement and style, human resource management, organizational structures, levels of diversification and manipulation of the administrative. Further, respondents agreed unanimously that the specific shopping malls offered products that are designed in a superior way compared to the competitors. Literature reviewed established that differentiation knows that customers are many and widely scattered, with varied needs and ample spending power (Karl, 2013).

Further findings established that more than half of the sampled shopping malls offered products and services with unique features that customer’s valued. This results goes to mean that the managers of the sampled shopping malls are keen to stand out from the peers in the sector. Empirical review by Harzing (2015) established that differentiation knows that customers are many and widely scattered, with varied needs and ample spending power. The results also reported that the specific malls offers products that are designed in a superior way compared to the competitors’, which could be explained by the fact that the sampled shopping malls (Village Market, Yaya Center, Junction Mall, and Green Span Mall) are high end shopping malls and are located in specific areas to serve a specific group: the elite.

In addition, the study found that the specific shopping malls offers quality products and services that meets the satisfactions of the customers which goes to mean that the sampled malls will continue to be different from the others in the industry if this trend continues in the future. The results of the analysis concur with previous research, which states that the complexity of customer needs drives customer centricity and innovativeness, which, in turn, improve market share growth hence competitive advantage. The literature review averred that complexity of customer needs has similar impacts on customer centricity and on innovativeness, although the impact on competitive advantage differs. Empirical review established that service innovativeness has a greater impact on competitive advantage than customer centricity does. In order to enhance competitive advantage, innovation in processes, products, and services is relatively more important than focusing on customer centricity in the organizational processes and structures; doing both simultaneously achieves the best result, however. In the context of shopping malls, this study adds the construct of service differentiation and investigated how this construct moderates competitive advantage.
5.3.2 Effect of Cost Leadership on Competitive Advantage of Shopping Malls in Nairobi.

More than half of the respondents stated that the specific shopping malls applied low cost initiative to customers. An implication of this finding is the possibility that cost leaders, in a competitive environment, have an average performance because they are not focusing on acquiring new markets or customers. Similar conclusions were drawn by Marques et al (2015), Silva et al. (2013); and Lumpkin & Dess (2016). It was established that the sampled shopping malls have decreased the pressures of substitutes, rivalry, suppliers and buyers by applying cost leadership. Similarly, empirical literature by Hunger and Wheelen (2013) depicted that business with a cost-leadership strategy tries to gain a competitive advantage mainly by having its economic costs below its competitors. Further results showed that cost leadership strategy lower operations costs due to the elimination of unnecessary costs. The findings of another study done by Bryman and Cramer (2014) depicted that charging a lower price but selling a larger volume of a good allows a company to maintain its profits and enhance its competitive advantage.

The present study also established that the specific shopping malls apply high asset utilization to spread fixed costs which imply that the sampled malls enjoy the benefits of economies of scale and the malls are guarded against influential buyers and suppliers. Empirical literature established that large-volume companies are able to form lower per unit cost production processes and have lower average costs of production (Martinez & Jarillo, 2012). In addition, the study found that cost leadership strategy protects the specific shopping malls from competition by other malls. Similar conclusions were drawn by a study done by Barney (2013) which found that a low-cost position frequently places the business in a satisfactory position regarding substitutes comparative to its rivals in the industry. Moreover, participants agreed unanimously that through cost leadership strategy the shopping malls gains a competitive advantage by reducing its prices below its competitors. The literature reviewed established that low-cost leader advances competitive advantage by getting the costs of distribution or production lower than those of the other businesses in its market (Jones, 2014).

Existing literature has argued that consumers shop only at stores that offer the lowest price, which means industries like groceries and gasoline often have price wars. The
winner in a price war enjoys protection from rivals because competitors whittle away their profits attempting to offer the new lowest price. The cost leadership strategy also makes it difficult for new companies to enter the market because of thin profit margins. However, a study conducted by Karanja (2012) depicted that cost leadership strategy does not work in every industry. For instance, consumers purchasing luxury goods do not care about price as much as someone looking to purchase food staples. Also, sometimes it's best for a small business not to attempt to compete at all on price-point with bigger competitors. For example, a doughnut shop may not be able to have the equipment on site to mass produce doughnuts like its national-chain competitors, but it could advertise its pastries as handmade to give its product a better perceived quality. Specifically, empirical review has established that firms employing a cost leadership strategy appear to have an average performance compared to differentiation and focus strategies (but not the lowest).

5.3.3 Effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi.

It has been found that the specific shopping malls have not extensively incorporated focus strategy as a competitive strategy which implies that the sampled shopping malls lack the specific skills and resources to incorporate focus strategy as part of their competitive strategy. Similar to this is the study done by by Barney (2013) which established that focus strategy is designed for mini-malls to cater to a particular taste or local market such as Nairobi, Kisumu and Mombasa. More than half of the participants stated that focus strategy employed by the specific malls involves targeting a particular market segment.

The literature review established that focus strategies are most operational when customers have characteristic preferences or specific needs. The study established that the specific shopping malls adopt focus strategy to stay close to its customers and monitor their needs. This implied that the sampled shopping malls have the capability and resources to involve in a countrywide marketing effort. Moreover, the results established that focus strategies that the specific shopping malls have adopted has given them an edge over other players in the industry. The literature review established that focus of resources and determination to serve and guard a niche makes the focused business less susceptible to major variations in the market’s competitive setting (Ansoff, 2014). The study found that the sampled shopping malls will continue to stand out as compared to their peers if they continue to embrace focus strategy in the future.
Similar conclusions have been drawn by Githae (2013) that firms pursuing this strategy are willing to service isolated geographic areas, satisfy needs of customers with special financing, inventory or servicing problems or even to tailor the products to somewhat unique demands of the small to medium-sized customers. The existing literature review has posited that firms that achieve this strategy may potentially earn above-average returns for its industry. It can also be used to select targets that are least vulnerable to substitute products or where competitors are weakest. Similarly, according to Kombo (2007), the special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. Kombo contends that the important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants - in other words that there is a valid basis for differentiation - and that existing competitor products are not meeting those needs and wants.

5.4 Conclusions

5.4.1 Effect of Service Differentiation on the Competitive Advantage of Shopping Malls in Nairobi.

The study established a strong relationship between differentiation strategy and competitive advantage. The results of the study have confirmed that competitive advantage is a predecessor to the important performance of a firm and that competitive advantage is influenced by operational efficiencies, top management team arrangement and style, human resource management, organizational structures, levels of diversification and manipulation of the administrative. The study has found that by offering quality and unique services and products, the sampled shopping malls have been able to significantly improve their competitive advantage. It is clear from the study findings that if the shopping malls in the study area can offer products that are designed in a superior way compared to the competitors, this can increase overall market share.

5.4.2 Effect of Cost Leadership on Competitive Advantage of Shopping Malls in Nairobi.

Regression results have confirmed that competitive advantage is explained by the three competitive strategies including the cost leadership. Results have demonstrated that the
specific shopping malls applied low cost initiative to customers which then has decreased the pressures of substitutes, rivalry, suppliers and buyers by applying cost leadership. It is clear from the findings that business with a cost-leadership strategy tries to gain a competitive advantage mainly by having its economic costs below its competitors. Cost leadership strategy lower operations costs due to the elimination of unnecessary costs.

The specific shopping malls apply high asset utilization to spread fixed costs which has enabled them enjoy the benefits of economies of scale and protected against influential buyers and suppliers. It is safe to conclude that cost leadership strategy protects the specific shopping malls from competition by other malls. From the empirical review a low-cost position frequently places the business in a satisfactory position regarding substitutes comparative to its rivals in the industry. The literature reviewed established that low-cost leader advances competitive advantage by getting the costs of distribution or production lower than those of the other businesses in its market.

5.4.3 Effect of Focus on the Competitive Advantage of Shopping Malls in Nairobi.

The specific shopping malls have not extensively incorporated focus strategy as a competitive strategy which implies that the sampled shopping malls lack the specific skills and resources to incorporate focus strategy as part of their competitive strategy. Reviewed literature established that focus strategy is designed for mini-malls to cater to a particular taste or local market such as Nairobi, Kisumu and Mombasa. In addition, focus strategy employed by the specific malls in the study area involves targeting a particular market segment.

It is safe to state that the specific shopping malls adopt focus strategy to stay close to its customers and monitor their needs. The sampled shopping malls have the capability and resources to involve in a countrywide marketing effort. It is also safe to posit that focus of resources and determination to serve and guard a niche makes the focused business less susceptible to major variations in the market’s competitive setting. The sampled shopping malls will continue to stand out as compared to their peers if they continue to embrace focus strategy in the future.
5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 To determine the effect of service differentiation on the competitive advantage of shopping malls in Nairobi.

In the current rapidly changing business and economic environments, firms compete for revenue, customers, market share with services and products that meet customer’s requirements. In order to remain different form the competitors, the sampled shopping malls should focus on high product quality, fast delivery, design and new products, and unique product features. To achieve this, the study recommends that, the shopping malls in the study area should embrace differentiation strategy as the key competitive strategy and set sufficient resources to achieve this.

5.5.1.2 To establish the effect of cost leadership on competitive advantage of shopping malls in Nairobi.

If all the businesses were equivalent in terms of resources there would be no cost differences among them because any strategy could be realized by any business in the same industry. The fundamental logic clasps that the sustainability of effects of a competitive locus rests primarily on the cost of resources and abilities used for realizing the strategy pursued. To achieve low cost, the study recommends the sampled shopping malls to focus on controlling costs through creation of efficient-scale amenities, close-fitting control of costs and overhead, evasion of marginal customer accounts, minimization of operating expenditures, decrease of input costs, close-fitting control of labor expenses, and lower distribution expenses.

5.5.1.3 To establish the effect of focus on the competitive advantage of shopping malls in Nairobi.

In order to serve a certain market segment more effectively and efficiently than the rivals this study recommends the shopping malls in the study area to work towards customer loyalty in order to protect themselves from new entrants and substitute products. By
serving a thin market niche, businesses that employ focus strategies regularly can remain extremely profitable, even when the larger industry seems to be unappealing.

5.5.2 Recommendations for Future Studies.

The present study targeted only four shopping malls which makes it impossible to generalize the findings. The study recommends a comparative study to determine the effect of competitive strategies on competitive advantage among businesses in Kenya.

Additionally, the study utilized an explanatory research design which sampled only four shopping malls in Nairobi County alone. This study recommends a phenomenological approach which is particularly effective at bringing to the fore the experiences and perceptions of individuals from their own perspectives. It will help the shopping malls to illuminate the specifics and identify phenomena through how they are perceived by the actors in a situation.

The study also recommends more mixed research method designs for impact evaluations, as qualitative data can enable a richer understanding of how and why competitive strategies can influence competitive advantage of businesses
REFERENCES


APPENDICES

Appendix 1: Letter of Introduction

Valentine Ndung‘u  
+254718495066,  
2017.

Dear Sir/Madam

RE: LETTER OF INTRODUCTION

I am a Masters student at United States International University currently pursuing a  
Masters in Business Administration

I am in the process of developing a thesis in partial fulfillment of my degree program. My thesis is entitled, “Competitive Strategies That Create a Competitive Advantage among Shopping Malls in Nairobi”.

As.

I confirm that I will exercise professionalism and abide by the ethical standards research as demanded by research undertaking. I will also abide by the university and the national regulations regarding research. Rest assured that the survey would not have any negative repercussions on your organization.

Yours Sincerely,

Valentine Ndung‘u
Appendix 2: Questionnaire

COMPETITIVE STRATEGIES THAT CREATE A COMPETITIVE ADVANTAGE AMONG SHOPPING MALLS IN NAIROBI

Date: ___________________

The general objective of the study is to analyze how the competitive strategies employed by shopping malls in Nairobi give them an edge over their competitors in the industry. The study attempts to realize three specific objectives namely; the impact of differentiation on the competitive strategies of shopping malls; examine the impact of focus strategy on the competitiveness of major shopping malls in Nairobi; and impact of cost leadership on the competitive advantage of the shopping malls.

Kindly read each query cautiously and respond to it the best of your ability, where necessary mark [✓] the boxes provided. There are no accurate or inaccurate responses; your answers are crucial to the study. All replies to this survey are completely confidential. All identifying information if any will be removed during the data entry and analysis; however, you are advised to respond anonymously.

Thank you for your participation in this study.

PART 1: BIOGRAPHICAL INFORMATION

1. What shopping mall do you work for?

______________________________________________________________________________

2. Which managerial position do you hold in the mall?

______________________________________________________________________________

3. Indicate your tenure as a staff with the shopping mall. (Please circle the number that best describes your tenure). 1 = Few to Several Months; 2 = 1 – 5 Years, 3 = 6 – 11 Years, 4 = over 11 Years

[1]   [2]   [3]   [4]

4. To what extent are you acquainted with the business’s competitive advantage (Please circle the number that best describes your response). 1 = Very 2 = Dissatisfied 3 = Dissatisfied 4 = Satisfied 5 = Extremely Satisfied


5. To what extent can you say that the Shopping Mall has advanced competitive advantage to compete with other businesses in the industry?

1 = Very 2 = Dissatisfied 3 = Dissatisfied 4 = Satisfied 5 = Extremely Satisfied

6. In your own opinion, which competitive advantage has the shopping mall focused on the most?

1 = Differentiation Strategy

2 = Focus Strategy

3 = Cost Leadership

7. How satisfied are you with the shopping mall’s competitive advantage in the industry? (Please circle the number that best describes your response). 1 = Extremely Dissatisfied 2 = Dissatisfied 3 = Neutral 4 = Satisfied 5 = Extremely Satisfied

8. Kindly, shortly explain the competitive advantage that you believe that the shopping mall should focus on the most in order to thrive in this highly competitive market.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

PART 2: INCORPORATION OF COST LEADERSHIP (An approach Used by Businesses to Build a Low Cost of Operation within their Position) IN THE BUSINESS’S COMPETITIVE ADVANTAGE

9. To what extent do you say that the mall has employed cost leadership as part of its competitive strategies? 1 = Not at all 2 = To a little extent 3 = To a moderate Extent 4 = To a Great Extent 5 = Extensively


10. Statements on the table indicate various cost leadership strategies, Rate the extent to which you agree with their application by the shopping mall
<table>
<thead>
<tr>
<th>Cost leadership strategy</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>1. Low cost initiative to customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Lower operations costs due to the elimination of unnecessary costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. High asset utilization to spread fixed costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The cost leadership strategy protects the mall from competition by other malls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The cost leadership strategy protects the mall from competition by other mall</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Lowering the prices of the products in our mall enables us to have a broader market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. The mall continuously seeks to reduce prices without sacrificing its products’ essential features or acceptable quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Our products are affordable / economical and of good value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. To what extent do you believe that the mall has gained competitive advantage from the above mentioned cost leadership strategies? 1 = Not at all  2 = To a little extent  3 = To a moderate Extent  4 = To a Great Extent  5= Extensively


12. Please provide your general opinion concerning the Mall’s Cost leadership strategy and competitive advantage

________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
**PART 3: DIFFERENTIATION STRATEGY (A Competitive Approach Under Which a Business Seeks to Advance and Offer Unique Services for Different Customer Segments) AND COMPETITIVE ADVANTAGE**

13. To what extent do you say that the mall has incorporated differentiation in its competitive strategy? 1 = Not at all  2 = To a little extent  3 = To a moderate Extent  4 = To a Great Extent  5 = Extensively


14. Statements on the table indicate various aspects of differentiation, Rate the extent to which you agree with their application by the shopping mall

<table>
<thead>
<tr>
<th>Differentiation strategy</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>1. The mall offers products or services with unique features that customer’s value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. We offer products that are designed in a superior way compared to the competitors’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Our mall offers quality products and services that meets the satisfactions of our customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The Mall offers unique products features that customers are willing to pay higher prices for.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Our Mall is creative and consistent in product development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The Mall offers many product variations &amp; a wide selection of products to cater for customer’s varied needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. The mall constantly invents ways to create value for customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The mall communicates the points of difference in the products/services it offers in credible ways</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. To what extent do you believe that the mall has gained competitive advantage from the above mentioned Differentiation strategies? 1 = Not at all  2 = To a little extent  3 = Moderate Extent  4 = To a Great Extent  5= Extensively


15. Please provide your general opinion concerning the Mall’s Differentiation strategy and competitive advantage

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

PART 4: FOCUS STRATEGY (A Marketing Approach in Which a Business Focuses its Resources on Entering or Escalating In a Segmented Market or Industry Section) AND COMPETITIVE ADVANTAGE

16. To what extent do you say that the mall has incorporated Focus strategy in its competitive strategy? 1 = Not at all  2 = To a little extent  3 = To a moderate Extent  4 = To a Great Extent  5= Extensively


17. Statements on the table indicate various aspects of focus strategy, Rate the extent to which you agree with their application by the shopping mall

<table>
<thead>
<tr>
<th>Focus strategy</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>1. The mall has products that serve customers' distinct needs and preferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The shopping mall adopts focus strategy to stay close to its customers and monitor their needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Focus strategy is the most popular type of competitive strategy in our mall that gives us a competitive advantage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. By serving segmented markets the mall minimizes their cost of product as prices match the different segments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. The mall adopts and responds fast to customers’ changing needs

6. Our mall is reputable for quality and technical capabilities of its products/services

7. The mall has a strong customer relationship

8. It is easy to do business with our mall as our processes are simple and easily understood

18. To what extent do you believe that the mall has gained competitive advantage from the above mentioned Focus strategies? 1 = Not at all  2 = To a little extent  3 = To a moderate Extent  4 = To a Great Extent  5= Extensively


19. Please provide your general opinion concerning the Mall’s Focus strategy and competitive advantage

__________________________________________________________________________________________

__________________________________________________________________________________________

PART 5: COMPETITIVE ADVANTAGE IN MAJOR SHOPPING MALLS

Indicate your level of agreement with the following statements that relate to customer retention level

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>disagree</th>
<th>neutral</th>
<th>agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Focus Strategies that the shopping mall has adopted has given it an edge over other players in the industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers prefer us because we offer low costs compared to other malls.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our Differentiation Strategy has helped give us a competitive advantage over other shopping malls in the area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for sharing your thoughts