# BUSINESS LEVEL STRATEGIES AND PERFORMANCE OF SELECTED SUPERMARKETS IN NAIROBI CITY COUNTY, KENYA

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## ABSTRACT

Commercial entities operating in a globalized and competitive business environment must adopt a market posture that allows them to effectively use their strengths, resources and innovations to take advantage of available opportunities in line with organizational objectives, while simultaneously hedging against potential threats. The chosen market posturing is made possible through effective implementation of appropriate strategies at the corporate, business, functional and operational levels. In Kenya, ten supermarkets in the retail trade sector within the last decade have had to close their business leading to job losses and negative impact on the national economy. This study anchored on dynamic capability theory, therefore sought to examine business level strategies and their effect on the performance of selected supermarkets in Nairobi City County in Kenya. Descriptive research design was adopted for this study. The unit of analysis was nine supermarkets, while the unit of observation selected using census method was sixty three managerial staff including senior executives in the areas of Finance, Human Resources, Marketing, Information Technology, Business Development, Purchasing and Supply Chain Management. A self-administered semi-structured questionnaire was used in collecting both qualitative and quantitative data in line with the specific objectives of the study. SPSS software was used to compute descriptive statistics to depict the characteristics of the study variables through tables and graphs. This study with a 65.07% response rate, established that there is a positive link between the supermarket's performance and the three business level strategies of cost leaderships ($\beta$=0.240 and p=0.007); differentiation ($\beta$=0.629 and p=0.000) and focus ($\beta$=0.212 and p=0.037). Analysis of data showed that higher levels of strategy implementation led to enhanced performance, and vice versa. The position taken by this study therefore is that business level strategies are critical in facilitating the realization of supermarkets' performance in Nairobi City County, Kenya. This study therefore recommends that the Government of Kenya ought to review relevant policies to lower the cost of doing business including improvement in infrastructure, while the supermarket's strategies should target minimization of operational costs, offer lower cost commodities, invest in product innovations, adopt modern technology and undertake market focused research. The expected study output upon successful implementation of the given recommendations is enhanced performance of supermarkets in Nairobi City County.


**Key words:** Business Level Strategies, Performance, Cost Leadership Strategy, Differentiation Strategy, Focus Strategy.

## INTRODUCTION

The retail trade industry which plays a significant role in the supply chains alongside producers, distributors and other market intermediaries, has been hailed globally as critical in not only mobilizing investments and as an economic indicator on consumer spending parameter, but also as an avenue for job creation, poverty reduction and improvement in the standards of living of the citizenry (Das Nair, 2020; Gathiru, Khamah & Nyakora, 2019). According to global market evaluation institutions, manufacturers who were until recently a determinative factor in supply chains and logistics management have begun to lose their positions to players in the retailer industry who have become more powerful actors (Oberlo, 2021; Fortune Business, 2021; Abbas, 2021). Despite this critical role that the retail industry plays in supply chains in support of economic development, supermarkets have had to contend with serious disruptions occasioned by rapid change in technological advancement, massive new entrants in the market place, and unconducive business environment due to unfriendly policy framework within the context of climate change (Business Today, 2022; Mwasiaji, Alaro, Muthinja & Njuguna, 2022). According to Oberlo (2021) and Africa retail report (2020), even though globally there was in 2019 a slight dip in growth rate as compared to previous years due to effects of COVID-19 pandemic, the retail market was projected to grow at an annual rate of 4.1% from 2021 to 2027. However across Africa, available data from Oxford Economics indicated that due to lower levels of demand and considerable pre-pandemic economic challenges, resident based retail was projected to contract by 5% on average in year 2020, though Harare's in Zimbabwe and Johannesburg South Africa's retail sales were expected to contract more sharply (Africa retail report, 2020; Fortune Business, 2021). Despite the general market outlook, several large supermarkets in South Africa that have traditionally been hesitant to enter rural and semi-urban areas due to business sustainability concerns, somewhat benefitted after small scale retailers adjusted their focus causing them to lose customers to large supermarkets (Makhitha & Soke, 2021). For instance, due to enhanced technology, Shoprite supermarket in South Africa increased its profits by 20.3% in 2019 compared to 2018 (Das Nair, 2020).

In sub-Saharan Africa, supermarket's average growth in certain sectors in Tanzania for instance, has been linked to market positioning in the face of heightened demand for commodities, income growth per capita and middle-class growth (Shayo, 2021; Fortune Business, 2021). Despite this, some multinational retailers in Tanzania have had to close shop attributing it to unsupportive policy framework within the context of lingering effects of Covid-19 pandemic (Shayo, 2021). Closure of some of the supermarkets in the retail industry was also attributed to declining economic conditions in the country due to a multiplicity of factors including climate change, as is the case for Game Store which exited Tanzania's market causing 45 employees to lose their jobs (Malanga, 2022). In the neighboring Zimbabwe, supermarkets there have of late reported generally good performance, contributed to adoption of latest technology, increased availability and consumption of food items (Le-roy *et al*., 2020). In Kenya, players in the retail and wholesale trade that accounted for 7.9% of Kenya's GDP in 2021, continue to operate in a highly competitive and turbulent environment (Kenya National Bureau of Statistics, 2022). Financial challenges and unfavorable economic conditions have been experienced particularly by some supermarkets in Kenya resulting in some local supermarkets such as Uchumi and Tuskys exiting the market, with available data indicating that about 50% of retail collapse within the initial years of operation (Mutinda & Mwasiaji, 2018; Karimi & Waruguru, 2018). Choppies in Botswana acquired Ukwala supermarket also resulting in its exit from the market in Kenya (Ouma, 2018), whereas Shoprite also exited the market after operating for a small duration (Olawoyin, 2020). On its part, Uchumi supermarket closed 31 stores by 2019 in Kenya and declared 253 staff redundant due to declining performance (Gathiru, Khamah & Nyakora, 2019). Uchumi also exited Tanzania and Uganda market (Government of Kenya, 2019) while indebted to a tune of about Kshs 7.6 billion. During this time, Uchumi supermarket’s stocks were the worst performing at the Nairobi Securities Exchange even though it first listed in 1992 (Wambu, 2020). In the case of Tuskys, its current debts are more than Kshs. 10 billion with the management of the retailer having indicated possible formulation of a new strategic plan and intention to clear all its debts within a period of 15 years (Wasuna, 2022).

In view of the turbulence experienced by supermarkets in the retail trade industry in Kenya, senior executives in these businesses have therefore continued to think about how to remain viable, competitive and profitable in a sustainable manner by effectively exploiting their resources while bringing value into the market place (Mutinda & Mwasiaji, 2018; Grabowska and Otola, 2013). The intention is to adopt a market posture that allows them to effectively use their strengths, resources and innovations to take advantage of available opportunities in line with organizational objectives, while simultaneously hedging against potential threats. The chosen market posturing is made possible through effective implementation of appropriate strategies at the corporate, business, functional and operational levels (Mwasiaji, 2019; Tapera, 2016; Xhavit, Naim & Marija, 2020). Implementation of strategies entails execution of plans which are in line with the objectives of the business as well as having the potential to drive maximum returns on investment, while at the same time operating sustainably (Ikonya, 2015; Mithamo, Marwa, Letting & Nicholas, 2014). Strategic options that business organizations seek to implement include those related to market or product diversification, as well as functional or organizational management innovations (Bell, 2018; Mwasiaji, 2019; Enida & Kume, 2015). This is in line with Pearce and Robinson (2003) recommendation that commercial enterprises should periodically reconsider their business strategies so as to effectively manage the greater competitive environment.

## Problem Statement

Globally, even though there was in 2019 a slight dip in growth rate as compared to previous years due to effects of COVID-19 pandemic, the retail market was projected to grow at an average annual rate of 4.1% from 2021 to 2027 (Africa Retail Report, 2020; Fortune Business, 2021). In Kenya however, the retail trade industry was one of the hardest hit sectors on the back of supply chain disruptions and government policy measures adopted in the wake of COVID-19 pandemic (Mwasiaji, Jagongo & Ogutu, 2020;). As a result of many factors including the economic challenges within the context of climate change, several supermarkets in the retail trade sector have within the last decade had to close their business leading to job losses and negative impact on the national economy (Business Today, 2022). For instance within the last decade in the retail trade industry in Kenya, ten (10) hitherto giant and renowned retail operators collapsed, while at the same time quick emergence of new operators to fill in the perceived void left in the market. For instance Uchumi supermarkets collapsed despite seemingly serious government intervention in an attempt to revive its operations (Business Watch, 2022; Mutinda & Mwasiaji, 2018), followed shortly thereafter by Nakumatt supermarkets, then Deacons Kenya limited which was the largest and oldest fashion retailer, and later Shoprite and Tuskys supermarkets (Ogero, 2020; Business Watch, 2022). Shoprite for instance fully exited the Kenyan market by end of January 2021 as a result of losses in excess of Kshs 3.2 billion in the 2019 – 2020 financial year. It also rendered its employees redundant, a situation that was heightened by the Covid-19 pandemic which also negatively impacted its performance. Similarly, Choppies supermarket had earlier taken over Ukwala supermarket in 2015 (Koigi, 2016) after Ukwala was unable to pay debts of about $120 million (Fayo, 2019). Surprisingly Choppies subsequently, announced its exit by end of 2019 in Kenya (Olawoyin, 2020), Mozambique and Tanzania markets after posting a loss of about $500 million after tax during the financial year ending June 2018 (Theuri, 2021), while still required to pay another $12.4 million debt to its suppliers and banks in Tanzania and Kenya (The East African, 2021).

Relevant studies that have been undertaken in this area have variously reported that Supermarkets within the retail trade industry encounter poor management, ineffective inventory logistics, supply chain challenges and fierce rivalry from international and local retailers (Abbas, 2021) leading business failures and job losses within the supermarket value chain, thus negatively impacting the economy of the country (Machocho & Awuor, 2018; Mutinda & Mwasiaji, 2018). One common observation amongst all the studies is that business entities globally are currently operating in a competitive environment that requires formulation and operationalization of a market posture that allows an enterprise to effectively use its strengths, resources and innovations to take advantage of available opportunities in line with its strategic objectives, while at the same time hedging itself against potential threats (Oberlo 2021; Bell, 2018). The adopted market posturing is made possible through effective formulation and implementation of appropriate strategies at the corporate, business, functional and operational levels (Mwasiaji, 2019; Tapera, 2016; Enida & Kume, 2015). Formulation and implementation of effective business strategies is therefore critical for any enterprise when seeking to establish sustainable competitive advantage (Auzair, 2015; Porter, 1985) while maximize customer's value (Priem et al., 2018; Njuguna & Waithaka, 2020; Musembi, 2021). This study therefore sought to examine business level strategies of cost leadership, differentiation and focus, in terms of their effect on the performance of selected supermarkets in Nairobi City County in Kenya.

## LITERATURE REVIEW

### Dynamic Capabilities Theory

Teece, David, Pisano & Shuen (1997), proposed the dynamic capabilities theory as a means to permitting a firm to design new processes and products in response to shifting market situations. Dynamic capabilities theory therefore emphasizes the importance of strategic planning in charting the path to be followed by an entity (Tapera, 2016). Strategic planning articulates the demands of dynamic capabilities through an improved assessment of a firm's external environment, thus enhancing organizational performance (Teece, David, Pisano & Shuen, 1997). According to Agarwal and Selen (2009), dynamic capabilities put forth a tradition of evolving over time. This view is supported by David (2017) who reported that dynamic capabilities theory seemed to be an alternate method in resolving some of Resource Based View shortcomings by analyzing sustainable competitive advantage and remarkable performance within a changing environment. It encompasses the process of supporting the organization to quickly adjust to the dynamic environment through building, assimilating and redesigning a portfolio of their resources and capabilities (Teece, Pisano & Shuen, 1997). Dynamic capabilities suggest that organizations may be motivated to pursue mergers and acquisition options so as to acquire capabilities such as coming up with new processes or products or entering into new markets (Hesterly & Barney, 2014; Ikonya, 2015; Teece, 2009). Capabilities theory was found relevant in anchoring the variable of this study in terms of how a firm can execute them by implementing lower commodity costs or product differentiation to gain sustainable advantage over its competitors.

### Resource-based View

Several studies have been undertaken seeking to establish the usefulness of resources in promoting firm's competitiveness (Barney, 1997; David, 2011; Hesterly & Barney, 2014; Mwasiaji, 2019; Pearce & Robinson, 2003; Tapera, 2016; Thompson, Strickland & Gamble, 2018), hence the Resource Based View (RBV) which defines the features depicted by a firm's resources for the purse of realizing sustainable advantage over its competitors (Hameed & Anwar, 2018). RBV also stresses the role played by internal resources and how they impact a firm's strategies and performance (Barney, 1991). Bell (2018) reported that in the short-term, firms that achieve competitive advantage and enhance their productivity possess have rare and valuable resources. In this case, competitive advantage denotes a firm's creation and implementation of a strategy which contributes to superior performance in comparison to its rivals within a similar market or industry (Bell, 2018). This allows an enterprise to provide greater customer value as compared to its rivals (Agarwal & Selen, 2009). Thus, RBV was found useful to this study because it explains the relevance of an organizations' possession of valuable resources as an enabler towards obtaining and sustaining a competitive advantage, through creation of a link between the resources and the chosen business strategy.

## Porter's Generic Strategies

Porter (1980) indicates that market focus, cost leadership and differentiation generic strategies can propel commercial firms to realize competitive advantage. According to Ali & Anwar, 2021), these generic strategies are vital in elaborating a firm's behavior towards their rivals in a specified industry. The cost leadership strategy emphasizes on lower cost for firm's activities, low-priced and input which is minimal (Atikiya, Mukulu, Kihoro & Waiganjo, 2015; Akintokunbo, 2018; Sabir *et al*. 2021; Herbert & Deresky, 1987), taking advantage of purchasing inputs in large quantities as well as how the process is designed (Saleh *et al.* 2021). Minimal input entails partaking cheap labor whilst the location of the raw materials and storage becomes closer in terms of accessibility (Talim, *et al.* 2021). Some authors have defined two different types of low-cost strategy. The first type represents offering services and products in the market to many customers at the lowermost price. The second type denotes a best-value strategy that gives the best value market price for products or services to an expansive number of customers (Thompson *et al.* 2018; David 2017; Thomas and Hunger 2012). Firms that continuously implement low-cost strategy do so with a motive of improving their competitive edge and performance (Enida and Kume, 2015). However, a low-cost strategy doesn't provide lasting competitive edge for firms using best-value or low-cost strategies. When pursuing low-cost strategy, firms need to be careful not to implement aggressive price cuts which could lower their profits considerably (David, 2017; David, 2019).

According to Reilly (2002) and Ahmed *et al.* (2021) differentiation which is another of Porters (1980) generic strategy involves providing a customer with a valuable commodity through service or product distinctiveness. Akoi *et al.* (2021) argued that differentiation can be accomplished through distinct features, brand image, use of technology, supply chain, crafting marketing target or message target or through advertising. Through differentiation, a firm seeks to differentiate itself from its rivals based on its product or service quality (Griffin 2005; Islami *et al*. 2020). Differentiation strategy is the firm's creation of unrivaled special products and services so as to attain brand customer loyalty (Kitheka & Bett, 2019) leading to attainment of competitive advantage (Kyengo *et al.* 2016; Thompson *et al.* 2018). David (2019) further indicated that differentiation strategy chooses features perceived by most buyers in the industry to be vital and uniquely caters to those needs to sustain customer loyalty.

Focus is another of Porters (1980) generic strategy that centers on precise targeted customers or market section. According to Islami *et al.* (2020), a firm's focus strategy involves concentrating on a specified geographical market, line of a product, or specific consumers. This view is supported by Akintokunbo (2018) who reported that focus strategy exploits on market development or penetration to meet the needs of secluded geographic areas. The focus strategy may be adapted incase differentiation or cost leadership fails (Ali & Anwar, 2021). Porters (1980) focus strategy assists firms target specific niche in the industry like a group of buyers, a limited section of a specified line of a product, a regional or geographic market, or a focus market having different and unique options (Kitheka & Bett, 2019). This can be achieved through meeting customer needs such as distinct financing, inventory or resolving service issues.

## Empirical Review

Numerous studies have been undertaken seeking to establish a link if any between Porters (1980) generic strategies and organizational performance. Njuguna and Waithaka (2020) study for instance sought to establish the link between cost leadership strategy and performance of Insurance companies in Nyeri County. Descriptive research design was adopted. Inferential statistics was used in analysis. This study indicated that cost leadership strategy positively influenced organizational performance. Another study by Atikiya *et. al.* (2015), seeking to examine the effect of cost leadership's on the performance of Kenya's manufacturing firms, using explanatory and descriptive research design, established that manufacturing firms' performance level were significantly impacted by its cost leadership strategy. A similar study by Hilman and Kaliappen (2014) on the impact of cost leadership strategy on process innovation in Malaysia hotel industry, report improvement in performance due to adoption of cost leadership strategy. Kairu and Kibe (2022) study on the other hand investigated product differentiation strategy and its impact on supermarket's performance in Nairobi City in County Kenya. This study established that product differentiation strategy positively and significantly impacted the performance of the identified supermarkets. Another study by Musembi (2021) examined the effect of differentiation strategy on the performance of taxi firms in Nairobi City County. The findings of this study were that differentiation strategy had a positive and substantial effect on the performance of taxi firms. A similar finding was by Demba, Ogal and Muli (2019) study on how performance of car rentals located in Kenya's County of Nairobi was impacted by differentiation strategy. The study concluded that differentiation strategy did not have significant impact on the firm's performance. Another study by Njuguna, Muchara and Namada (2019) concluded that focus strategy-firm structure fit had a substantial impact on the performance Kenya's star-rated hotels'.

## STUDY METHODOLOGY

Descriptive research design was adopted for this study. The unit of analysis was nine supermarkets, while the unit of observation was sixty three managerial staff from the Managing Director to senior executives in the areas of Finance, Human Resources, Marketing, Information Technology, Business Development, Purchasing and Supply Chain Management. The study employed census method in selecting six three (63) respondents, while a five-point likert-type semi-structured questionnaire was used in collecting both qualitative and quantitative data in line with the specific objectives of the study. SPSS software was used to compute descriptive statistics to depict the characteristics of the study variables through tables and graphs

## Study Results

### Descriptive Statistics

Descriptive statistics for the both the independent and the independent variables have been presented in Tables 5.1.1, 5.1.2, 5.1.3 and 5.1.4 as follows.

***Table 5.1.1: Cost Leadership Strategy***

| Item Description | No extent | Less extent | Moderate extent | Large extent | Very large extent | Mean | Std. Dev |
|---|---|---|---|---|---|---|---|
| Lowering operational costs | 5.90% | 19.60% | 3.90% | 33.30% | 37.30% | 3.76 | 1.31 |
| Lowering product's price against its rivals | 5.90% | 27.50% | 3.90% | 33.30% | 29.40% | 3.53 | 1.33 |
| Offers and promotions | 5.90% | 3.90% | 13.70% | 39.20% | 37.30% | 3.98 | 1.10 |
| Enhanced product's delivery and customer's timely access | 5.90% | 9.80% | 9.80% | 39.20% | 35.30% | 3.88 | 1.18 |
| Reduced product's transportation costs | 60.80% | 13.70% | 2.00% | 17.60% | 5.90% | 1.94 | 1.38 |

Table 5.1.1 shows that 70.6% of respondents shared that operational cost were lowered to a large extent or very large extent. Most respondents (62.7%) indicated that supermarkets lowered product's prices to a large or very large extent compared to its rivals. The same pattern was repeated in the next two questionnaire item. However, the study findings revealed the highest and lowest mean scores results to be; enhanced product's delivery to customers (Mean was 3.88 with a Std. Dev of 1.18), lowering operational costs (with a mean of 3.76 and Std. Dev. of 1.31). Lowest mean score statements comprised of lowered products' transport costs (with a mean of 1.94 and Std. Dev. equal to 1.38). The study respondents also indicated that supermarkets were unable to reduce transport costs due to high fuel prices, but were able to lower operational costs and deliver products to its customers.

***Table 5.1.2: Differentiation Strategy***

| Item Description | No extent | Less extent | Moderate extent | Large Extent | Very large extent | Mean | Std. Dev |
|---|---|---|---|---|---|---|---|
| Introduced more branches to enlarge its market | 9.80% | 3.90% | 27.50 % | 41.20% | 17.60% | 3.53 | 1.14 |
| Technology leveraging to enhance business' processes | 3.90% | 2.00% | 9.80% | 64.70% | 19.60% | 3.94 | 0.86 |
| Enhanced customer's commodities offering | 2.00% | 2.00% | 13.70 % | 62.70% | 19.60% | 3.96 | 0.77 |
| Customized products to suit exact customer requirements | 2.00% | 15.70 % | 25.50 % | 49.00% | 7.80% | 3.45 | 0.92 |
| Introduction of brand-new commodities in the marketplace | 0.00% | 13.70 % | 9.80% | 43.10% | 33.30% | 3.96 | 1.00 |
| Some prices of products or services are more expensive than our rivals | 39.20% | 29.40 % | 0.00% | 27.50% | 3.90% | 2.27 | 1.34 |
| Some commodity prices are renovated to improve market recognition | 11.80% | 25.50 % | 2.00% | 31.40% | 29.40% | 3.41 | 1.44 |

Table 5.1.2 shows that 58.8% the study respondents indicated that to a large or very large extent, the supermarket introduced more branches to enlarge its market base, while about 84.3% respondent that technology adoption enhanced business processes. Likewise majority of the respondents agreed that their supermarket to a large extent and / or very large extent enhances customer's commodities offering (81%); Customized products suit exact customer requirements (56.8%), while 76.4% indicated that their supermarket introduces brand-new commodities.

***Table 5.1.3: Focus Strategy***

| **Item Description** | **No extent** | **Less extent** | **Moderate extent** | **Large Extent** | **Very large extent** | **Mean** | **Std. Dev** |
|---|---|---|---|---|---|---|---|
| Customer needs in target market are met through unique product features | 15.70% | 0.00% | 3.90% | 60.80% | 19.60% | 3.69 | 1.26 |
| Marketing efforts are focused on specific sales channel e.g. online | 9.80% | 2.00% | 9.80% | 51.00% | 27.50% | 3.84 | 1.16 |
| Design of product's range for all customer groups | 29.40% | 23.50 % | 9.80% | 27.50% | 9.80% | 2.65 | 1.41 |
| Branches are extended to customer's location | 9.80% | 0.00% | 5.90% | 58.80% | 25.50% | 3.90 | 1.10 |
| Greater effectiveness and efficiency | 11.80% | 5.90% | 9.80% | 45.10% | 27.50% | 3.71 | 1.27 |

Table 5.1.3 on focus strategy shows that 80.4% of respondents indicated that customer needs in target market are met through unique product features, while 78.5% others responded that to a large or very large extent their supermarket's marketing effort are focused on specific sales channel. Likewise majority of the respondents agreed that their supermarket to a large extent and / or very large extent their branches are extended to customer's location (84%); while about 72% indicated that their supermarket has ensured greater effectiveness and efficiency.

***Table 5.1.4: Performance of Supermarkets***

| **Item Description** | **Not at all** | **Less extent** | **Moderate extent** | **Large Extent** | **Very large extent** | **Mean** | **Std. Dev** |
|---|---|---|---|---|---|---|---|
| Greater recorded profits | 7.80% | 7.80% | 7.80% | 19.60% | 56.90% | 4.10 | 1.30 |
| Improved customer base | 5.90% | 3.90% | 3.90% | 17.60% | 68.60% | 4.39 | 1.13 |
| Greater sales turnover | 3.90% | 21.60% | 5.90% | 9.80% | 58.80% | 3.98 | 1.38 |
| Improved return on assets | 3.90% | 7.80% | 23.50% | 60.80% | 3.90% | 3.53 | 0.86 |
| Minimized complaints by customers | 5.90% | 15.70% | 17.60% | 45.10% | 15.70% | 3.49 | 1.12 |
| Heightened retention of customers | 19.60% | 15.70% | 0.00% | 60.80% | 3.90% | 3.14 | 1.31 |
| Improved loyalty by customers | 7.80% | 5.90% | 9.80% | 27.50% | 49.00% | 4.04 | 1.25 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Increase in number of customers gained | 17.60% | 3.90% | 11.80% | 27.50% | 39.20% | 3.67 | 1.48 |
| Greater employee retention as a result of job satisfaction | 27.50% | 43.10% | 7.80% | 13.70% | 7.80% | 2.31 | 1.24 |
| Improved market brand appreciation | 11.80% | 5.90% | 2.00% | 31.40% | 49.00% | 4.00 | 1.36 |
| Enhanced growth of employees, skills and employee development | 27.50% | 43.10% | 3.90% | 7.80% | 17.60% | 2.45 | 1.43 |
| Grater growth of firm's revenues | 7.80% | 5.90% | 9.80% | 17.60% | 58.80% | 4.14 | 1.28 |
| **Average** | | | | | | **3.60** | **1.26** |

Table 5.1.4 on performance shows that 76.5% of study respondents at a mean of 4.1 and standard deviation of 1.3, indicated that to a large or very large extent, there were greater recorded profits linked to effective implementation of the porters generic strategies. Other aspects where majority of the respondents agreed regarding the performance of their supermarkets at a mean of at least 4.0 include Improved loyalty by customers (4.04); Improved market brand appreciation (4.00); and grater growth of firm's revenues (4.14).

## Regression Analysis

Results of the regression analysis have been presented in Tables 6.2.1, 6.2.2 and 6.2.3 as follows.

***Table 5.2.1: Model Summary***

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .780[a] | .608 | .583 | .25493 |

Table 5.2.1 shows that business level strategies have a positive and statistically significant relationship to the performance of selected supermarket's in Nairobi County in Kenya, considering the indicated Pearson Correlation value of R=0.780.

***Table 5.2.2: Analysis of Variance***

| Model | Sum of Squares | Degrees of freedom | Means Squares | F | Significance |
|---|---|---|---|---|---|
| Regression | 4.745 | 3 | 1.582 | 24.34 | .000[b] |
| Residual | 3.054 | 47 | 0.065 | | |
| Total | 7.8 | 50 | | | |

Table 5.2.2 presents Analysis of Variance (ANOVA) for testing the model's fitness given the data that had been collected. The findings revealed that p value was equal to 0.000 and lower than 0.05 hence proved to be reliable. The calculated F (24.34) was higher than F-critical proving the model's fitness in evaluating the effect of business level strategies on the performance of selected supermarkets in Nairobi City County, Kenya.

***Table 5.2.3 Regression of Coefficient***

| Models | Unstandardized Coefficients | Standardized Coefficients | | | |
|---|---|---|---|---|---|
| | **B** | **Std. Error** | **Beta** | **t** | **Sig.** |
| (Constant) | -0.243 | 0.46 | | -0.528 | 0.6 |
| Cost leadership strategy | 0.240 | 0.086 | 0.283 | 2.801 | 0.007 |
| Differentiation strategy | 0.629 | 0.111 | 0.545 | 5.672 | 0.000 |
| Focus strategy | 0.212 | 0.099 | 0.213 | 2.147 | 0.037 |

Table 5.2.3 shows a positive statistical association between cost leadership strategy and the organization's performance (where $\beta = 0.240$ and $p=0.007$). Thus a positive change in cost leadership strategy causes the supermarket's performance to increase by 0.024 units. This finding agrees with Kairu and Kibe (2022) study that reported there is a link between Nairobi supermarket's performance and cost leadership strategy. Similarly, there is a positive relationship between supermarket's performance and differentiation strategy (where $\beta$ is equal to 0.629 while $p=0.000$). Thus, improvement in one unit in a positive direction for the differentiation strategy would cause a 0.629 unit increase in supermarkets' performance. This finding concurs with Kitheka and Bett (2019) study which concluded that differentiation strategy positively influenced the performance of Safaricom PLC in Kenya. The current study findings also revealed a statistically positive link between focus strategy and the performance of selected supermarkets (where $\beta = 0.212$ and $p=0.037$). Hence, a positive unit change in focus strategy causes the supermarket's performance to rise by 0.212 unit. This is in line with Demba, Ogal and Muli (2019) study on focus strategy, which reported a positive performance in car rental businesses located in Nairobi County in Kenya.

The following is the regression equation for this study: $\mathbf{Y = -0.243 + \mathit{0.240}\, X_1 + \mathit{0.629}\, X_2 + \mathit{0.212}\, X_3}$, where Y refers to Organization's Performance, $X_1$ highlights the Cost leadership strategy, $X_2$ and $X_3$ refers respectively to differentiation and focus strategy. Organizational performance would be 0.243 given the study is constant and placed at zero. In the absence of business level strategies, 24.3% of organizational performance would be influenced by other factors exempted in this study. This study's findings concur with Gorondutse and Hilman (2019) study which reported that business level strategies have a positive impact on the performance of hotels.

## Conclusion and Recommendations

The purpose of this study was to examine business level strategies and their effect on the performance of selected supermarkets in Nairobi City County in Kenya. The study revealed that even though increased fuel prices had an impact on the supermarkets' transport costs for commodities, cost leadership strategy has a significant positive association to supermarket's performance, which increased when cost leadership levels improved. The study also established that differentiation strategy had a significant and positive impact on performance of supermarkets. Thus, higher differentiation levels lead to increased performance of selected supermarkets. Innovation and new products introduction by supermarkets enhanced its performance. Likewise, Focus strategy and performance were found to have a significant and positive association. Enhancing focus levels was found to improve performance. The position taken by this study therefore is that business level strategies are critical in facilitating the realization of supermarkets' improved performance in Nairobi City County in support of national economic objectives in Kenya. This study therefore recommends that the Government of Kenya ought to review relevant policies to lower the cost of doing business including improvement in infrastructure. For instance, the government needs to consider tax minimization on fuel products which would in turn lower transport costs for commodities hence decreasing commodity prices. In addition, functional managers should formulate and implement strategies to minimize operational costs and reduce commodity prices. Product innovation should be sustained to fast-track product differentiation, enhance competition and create barriers to entry in the market. Technology adoption should also be fast tracked in all supermarkets' processes so as to enhance efficiency as well as effectiveness. There is also need to have the Supermarket's profits reinvested in the business to fund the creation of services and products that cater to the needs of customers. Market focus research should also be undertaken to identify potential markets ignored by competitors hence increase market share as well as supermarket's performance. The expected study output upon successful implementation of the given recommendations is enhanced performance of supermarkets in Nairobi City County.

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