Journal of
Business and Strategic Management
(JBSM)

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Catherine W. Ndung'u and Dr. Vincent Machuki

CARI Journals

Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016
www.carijournals.org

COMPETITIVE STRATEGIES ADOPTED BY PLAYERS IN THE BEER INDUSTRY IN KENYA

[1*] Catherine W. Ndung'u
[1*]Post graduate student: University of Nairobi
*Corresponding Author's Email: cathiendungu@gmail.com

[2]Dr. Vincent Machuki
Lecturer: University of Nairobi

Abstract

Purpose: The focus of this study was on assessment of competitive strategies adopted by players in the beer industry in Kenya

Methodology: The study adopted a cross sectional descriptive survey research design. There are 11 players in beer industry operating in Kenya. The research therefore took the form of a census study covering all the players in the beer industry in Kenya since the population of 11 firms was considered small enough. Eleven questionnaires were given out though only 10 were considered fit for data analysis. Data was analyzed using descriptive statistics.

Results: Findings indicated that players in beer industry in Kenya were faced by several forces that shape competition. These included competitive rivalry, threat of new entrants, bargaining power of suppliers and customers, globalization, regulation and information technology. Players in beer industry in Kenya used cost leadership strategy as a competitive strategy since they attempt to reduce their operational costs in order to deliver the product at the lowest prices. It was also possible to conclude that players in beer industry in Kenya use differentiation as a competitive strategy since they have invested in product research. Players in beer industry in Kenya also used focus as a competitive strategy since they have products for different types of consumers. It was also possible to infer from this study that players in beer industry in Kenya used value disciplines as a competitive strategy.

Unique contribution to theory, practice and policy: The study recommended that players in beer industry should carry out constant environment scanning so as to be able to identify the various forces that affect their operations. In addition, they needed to adopt strategic planning as a tool for planning against any unforeseen events that may destabilize the operations of the company. Finally, it was recommended that these players needed to continue using the various competitive strategies. However, they also needed to factor in the concept of strategy fit by considering the internal capabilities and resources of the firm.

Keywords: *competition, competitive strategies, drivers of competition, sustainable competitive advantage, SWOT analysis.*

1.0 BACKGROUND OF THE STUDY

Any organization that wants to successfully compete in the marketplace must focus on customer requirements (Phusavat & Kanchana, 2007). An organization must translate customer requirements into objectives for operations known as competitive priorities. Examples of competitive priorities include low cost, consistent quality, and on-time delivery (Phusavat & Kanchana, 2007). Competitive priorities play an important role in technology adoption, process choice, capacity management, innovation planning and control systems, employee skill development and quality assurance (Hayes & Wheelwright, 2001).

A strategy is a plan of action designed to achieve a particular goal. According to Johnson and Scholes (1998), Business strategy is the direction and scope of an organization over the long-term; which achieves advantages for the organization through its configuration of resources through a challenging involvement to meet the needs of markets and to fulfill stakeholders' expectations. Porter (1998) describes competitive strategy as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs and further explains that competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Porter (1980) outlines the three approaches to competitive strategy these being Striving to be the overall low cost producer, i.e. low cost leadership strategy, secondly Seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy and lastly Focus on a narrow portion of the market, i.e. focus or niche strategy.

Competition is a multidimensional phenomenon manifested as a contest between individuals, groups, nations, animals, etc. for territory, a niche, or a location of resources. The Oxford English Dictionary defines competition as "Rivalry in the market, striving for custom between those who have the same commodities to dispose of." **(**pg. 720). The new game-theoretic models, by contrast, view competition as a process of strategic decision-making under uncertainty; they depict people and firms engaged in competition (Kay, 1991). Competition arises whenever two or more parties strive for a goal which cannot be shared. Business is often associated with competition as most companies are in competition with at least one other firm over the same group of customers (Hamel & Prahalad, 2000). The classical theory of perfect competition, as developed by economists from Adam Smith to Alfred Marshall (Thompson & Strickland, 1998) takes a reduced-form approach: it depicts the outcome of competition, but not the activity of competing. Generally, firms are in competition with each other if they sell goods and services to the same groups of customer or try to employ factors sourced from the same group of suppliers.

The concept of sustainable competitive advantage has been defined in different ways by different authors. For instance, Porter (1985) defines competitive advantage as any activity that creates superior value above its rivals. The explicit assertion by Porter (1985) was that competitive advantage comes from the value that firms create for their customers that exceeds the cost of producing that value. In the empirical work conducted by Molina, Pino and Rodriguez (2004) the following variables had been used to determine firms' level of competitiveness: Market share, Profits, Returns, Technological provision, Financial management, Quality of products-services, After sales services, Managers' educational background, Customer loyalty, Supplier loyalty, Location of establishment, Employees' commitment and loyalty , Employees' professional knowhow, and Firm's reputation. However, the most relevant definition of competitive advantage was offered by Barney (1991, p. 102) who asserted "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy " .

According Barone and DeCarlo (2003) building a competitive advantage will involve understanding the needs of the market (customers), and devising a strategy to make use of the resources that are available (or can be obtained) to set the business apart from the competition. Research in the field of strategic management has attempted to discuss what competitive advantage involves. As cited in Newbert (2007), Tuan and Yoshi (2010) assert that competitive advantage and performance are terms that have been interchangeably used as they are based on the definition of Porter (1985), which asserts that competitive advantage and performance is more or less the same thing. In addition, Powell (2001) indicates a unidirectional correlation: that competitive advantage leads to improved performance, not the opposite. Therefore, studies such as Powel (2001) assert that among the possible relationships between organizational capabilities, competitive advantage and performance, a direct relationship between organizational capabilities and competitive advantage likely exists rather than a relationship straight from that to performance.

The use of SWOT analysis should take into consideration the porter (1980) five forces which include: threat of new entrants, bargaining power of suppliers, bargaining power of buyers, substitutes and rivalry among existing competitors. In addition, the firms also need to take stock of the resources it has at its disposal which is in line with the resource based view of the firm (Barney, 1991). The porter value chain model is also instrumental in understanding how competitive advantage is realized.

In Kenya, the beer market is essentially a monopoly, with one player holding over 90% market share, and with some small, high end players and imported premium beers accounting for the rest of the market. Other key players in the industry are the multinational producers who have great distributorship channels in the Kenyan market, for instance, Heineken, SABMiller plc. Carlsberg, Molson Coors among others as illustrated in appendix ii. In the late 1990s, another large beer producer attempted to enter the market, and that resulted in a ferocious price war, in which prices fell dramatically. In the end the new entrant withdrew, citing difficulties in accessing barley that is normally controlled by the dominant beer producer in Kenya. The difficulties in accessing barley may have been a potential source of market power, given that there is an import tax on barley, which would create a price disadvantage for any firm forced to import it (United Nations development Program, UNDP, 2005).

A study by Ellis and Singh (2010) found evidence of a number of anti-competitive practices taking place in the beer market in Kenya. These practices include territorial allocation (where each distributor operates only within a specific area precluding direct competition), exclusive dealership (preventing dealers from contracting with any other beer producers) and price fixing (whereby the wholesale price of beer which distributors must charge is fixed by the producer). According to Ong'olo (2004) the incumbent beer monopolist provided coolers to bars, as long as they are only used for their own products. The study by Ong'olo (2004) further suggest that bar owners faced automatic withdrawal of the facility any time they if they were found to put rival products in the coolers.

According United Nations Conference on Trade and Development (UNCTD) (2005), reduction in taxes on spirits may be applying some competitive discipline on the domestic beer monopoly. A new locally owned brewery entered the market, which brought more competition in the beer sector. Ellis and Singh (2010) suggest that this new entrant experienced some difficulties in entering the market and gaining market share due to actions by the dominant firm. According to the authors, the new entrant alleges that the dominant player had instructed bar owners not to stock the new entrant's brand of beer. Furthermore, the new entrant alleged that the incumbent firm has appointed agents to remove all of the rival's advertising material.

1.2 Problem Statement

The highly competitive and dynamic business environment witnessed in today's business environment can be attributed to the porter five forces. Porter (1996) identifies the five main competitive forces which act as a starting point in the analysis of the business environment. According to porter five forces model, competition can affect the growth and performance of a firm negatively if strategies to counter the competition are not put in place. Therefore, for a firm to effectively compete in such a dynamic and competitive environment, it needs to put in place a competitive strategy that will ensure that it maximizes shareholders and stakeholders value. Aosa (1992; 2000) and Kibera (1996) argued that as environmental turbulence increases, strategic issues that challenge the way organizations plans and implements its strategy emerge with greater frequency. Put in another way, the modern firm cannot afford to sit back, has to take steps in formulating and implementing strategies that ensure its survival and prosperity. Porter (1980) postulates that, a firm needs to employ generic competitive strategies such as cost leadership, differentiation and focus.

The current exponential growth of the beer brewing sector has resulted to cutthroat competition. Beer brewing firms have reviewed their focus on markets and it is now, for instance, common to see beer brewing firms heavily advertising their products. For instance, the East African breweries have on several occasions launched a promotion dubbed "Tusker Project fame". On the other hand, Keroche Breweries has heavily invested in a product advertising campaign for its latest products, such as Summit lager and Summit malt. Competition has intensified to the point that some of the beer brewing firms have been said to use unfair competition mechanisms. At one point, it was alleged that East African Breweries sales staff were buying bottles belonging to Keroche Breweries in order to create an inventory problem. In other alleged instances, EABL sales staff were threatening stockists of their beer not to stock any other beer, failure to which they may not be supplied with beer by EABL.

There are many studies that have been done this area. For instance, Wanjira (2005) carried out a study on the factors affecting the success of competitive strategies in Kenyan hospitality industry. A study by Sharon (2005) studied the competitive strategies employed by SMEs located in Nairobi Business stalls. Karanja (2002) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. Kombo (1997), 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. In a study of competitive strategies applied by banks, Gathoga (2001) concludes that banks have adopted various competitive strategies, which include delivery of quality service at competitive prices and at appropriate locations. Oketch (2006) investigated the role of management ability and competence in the success of a chosen competitive strategy. Ngatia (2000) in a comparative study of service providers and customers perception of service quality in the retailing industry summarizes several authors by saying that there is consensus that the retailing strategy to create a competitive advantage is through delivery of high quality service. While the reviewed studies compare well to the current study they however focused on different organizations context as well as some conceptual ones. Therefore the study seeks to answer the questions: what strategies do Beer Brewing firms in Kenya adopt to gain competitive advantage?

1.3 Research Objectives

i. Establish the drivers of competition among players in the beer industry in Kenya
ii. Determine competitive strategies adopted by players in the beer industry in Kenya

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Industrial Organization Theory

According to Jacquemin (2000), market analysis, either from the point of view of the firm that operates or desires to operate in it or from the viewpoint of the public authorities, requires proper characterization .Whether we refer to a manager of a firm or to a public authority responsible for antitrust policy, the fundamental problems are similar. Aumann (1985) asserts that the level of market structure, industrial organisation examines the number of competitors who operate in the relevant market and the distribution of market shares, the conditions of entry and exit, product standardization and its proximity to substitutable goods, the interdependence between upstream and downstream activities, the quality of information controlled by partners and the degree of risk involved. Jacquemin (2000) observed that the shift from the linear structure-conduct-performance paradigm, primarily empirically based, to the new industrial organisation enshrined in game theory, has improved the quality of analyses in antitrust, but at a price.

D'Aspremont and Jacquemin (1990) argue that what has come to be known as the new industrial organisation presents innovative methodological aspects. Moreover, on the basis of a more technical analysis, it has re-launched the eternal debate between those who see in our industrial economies an efficient adaptation to external conditions and those who see a search for market power (Jacquemin, 1987). Compared with earlier studies, recent research is increasingly using tools of microeconomic theory, models of imperfect competition, and game theory. Going beyond the extreme cases of perfect competition and monopoly, solution concepts grow in number. Oligopolistic interdependence has been explored by cooperative games as well as by models of no cooperative behaviour. Furthermore, dynamics in industrial structure have come to replace static approaches. Schumpeter (1950) has already stressed the inter-temporal framework within which the competitive process should be placed.

Jacquemin (2000) further assert that one must assume that economic agents are making sequential decisions and taking into account the consequences of their actions on the subsequent evolution of industrial activity. Firms do not merely react to given external conditions, but try to strategically shape their economic environment by modifying, in a credible manner, market structure and market conducts of competitors (Jenny, 1992). In the new approach, the number of firms is determined endogenously and depends on the type of game being played by firms, defined in terms of choice variables (price, quantity and so on), timing of decision, number of replications of the game (Norman & La Manna, 1992). This approach also allows for the fact that buyers and sellers do not have a perfect knowledge of their partners or adversaries, their preferences, and their means.

Competition is the art of competing and cooperating simultaneously with partners, including direct competitors (Brandenburg & Nalebuff, 2006). Moreover, competition fosters information and knowledge sharing, since competitors access immaterial resources in an interactive way, due the network structure of modern organizations. Game theory which assumes the existence of strategies, players and payoffs may be used to explain the structure, behavior and performance of firms. Central to game theory is the assumption of strategies and the employment of such strategies against players. Therefore, strategies in game theory may be interpreted to include competitive strategies advanced by Porter (1980) among other scholars. Strategy guides firms to superior performance through establishing competitive advantage in this process companies consider alternative courses of action and choose a set of strategies for their business units (Porter, 1983). Firms employ strategy in a dynamic environment in order to adapt to new realities such as increased competition (Milgrom & Roberts, 1988).

All organizations are faced with the challenge of managing strategy. Strategic issues are by nature future oriented, affecting the firm’s long term prospects and therefore having enduring effects (Migunde, 2002). In a turbulent environment, a firm will succeed only if it takes a proactive anticipatory strategic approach. It is worth noting that strategic issues need to be considered within the context of the organization. Different organizations are likely to emphasize on different aspects of strategy because their contexts and environments differ. For some, according to Johnson and Scholes (2002) it is competitive strategy, for others, it understands their competencies while others stress on creating strategic fit. Others talk of innovation. Strategic responses grow out of a firm’s assessment of its current situation. Pearce and Robinson (2002) intimate that such decisions have broad implications and need power to authorize the necessary resource allocations.

2.2 Empirical Review

Forces of competition are factors that influence the competitive position of a company in an industry or market. In the fight for market share, competition is not manifested only in the other players. Rather, competition in an industry is rooted in its underlying economics, and competitive forces exist, that go well beyond the established combatants in a particular industry. Customers, suppliers, potential entrants, and substitute products are all competitors that may be more or less prominent or active depending on the industry (Porter, 1980).

Porter (1980) presented the five forces that shape competition in the industry for any business organization as, that is, rivalry among existing competitors, threats of new entrants, bargaining power of suppliers, bargaining power of buyers, and threat of substitute products or services. All five competitive forces jointly determine the intensity of industry competition and profitability.

Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016
www.carijournals.org

Barriers to entry are one of the principal forces of competition that shape the performance of firms and industries in any economy (Porter, 1980). The study of entry barriers was pioneered by Bain (1956) who identified four major types of barriers: capital requirements, scale economies, product differentiation, and absolute costs. The economic theory behind barriers to entry postulates that in every market various structural constraints can impose disadvantages on entrants relative to incumbents. That is the presence of barriers to entry result in fewer entries and therefore allows incumbent firms to enjoy above-average profitability (Porter, 1980). Other forces of competition include digitalization, globalization and deregulation.

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 1993). It concerns what a firm is doing in order to gain a sustainable competitive advantage. They are of the opinion that a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. The core competence, they add, has three unique characteristics: It increases perceived customer benefits, It is hard for competitors to imitate and It provides access to a wide variety of markets.

Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns (Porter, 1980). A firm positions itself by leveraging its strengths. Porter (1980) has argued that a firm's strengths ultimately fall into one of two categories, namely cost advantage or differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result. These are cost leadership, differentiation, and focus. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent. They apply across all industries

A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offer its products or services in a broad market at the lowest prices. Characteristics of cost leadership include low level differentiation, aim for average customer, use of knowledge gained from past production to lower production costs, and the addition of new product features only after the market demands them. The strategy protects the organization from new entrants (Gathoga, 2001). Differentiation strategy is one in which a firm offers products or services with unique features that customers value. The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is perceived quality (whether real or not). This may be through superior product design, technology, customer service, dealer network or other dimensions (Sheikh, 2007).

Focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. Focus strategy can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market. Advantages of focus strategy include having power over buyers since the firm may be the only source of supply. Customer loyalty also protects from new entrants and substitute products. Cost leaders or big organizations may also gain interest in a particular niche, eroding the advantage of the focusing firm (Porter, 1980).

Treacy and Wiersema (1993) have modified Porter's three strategies to describe three basic "value disciplines" that can create customer value and provide a competitive advantage. Value disciplines as proposed by Treacy and Wiersema, (1993) consist of operational excellence, customer intimacy and product leadership. According to Pearce and Robinson (2000), companies that specialize in one of these disciplines, while simultaneously meeting industry standards in the other two, gain a sustainable lead in their markets. To match this advantage, less focused companies require larger changes than the tweaking that discipline leaders need (Treacy & Wiersema, 1993).

Wanjira (2005) carried out a study on the factors affecting the success of competitive strategies in Kenyan hospitality industry and concluded that the flexibility of human resource systems and their fit with the competitive strategy was a major determinant of sustainable competitive advantage. Oketch (2006) investigated the role of management ability and competence in the success of a chosen competitive strategy and concluded that the ability of the top management played a very critical role in the success of competitive strategies. According to Oketch (2006), top management ability acts as the glue for enhancing strategic fit between the various determinants and competitive strategy.

In a study of competitive strategies applied by banks, Gathoga (2001) concludes that banks have adopted various competitive strategies, which include delivery of quality service at competitive prices and at appropriate locations. Githae (2004) implies that in differentiating, audit firms have to broaden their services. They have to embrace various disciplines crucial to world of business, charting what one may describe as new frontiers. They have to adopt such strategies as forensic services to remain competitive. Ngatia (2000) in a comparative study of service providers and customers perception of service quality in the retailing industry summarizes several authors by saying that there is consensus that the retailing strategy to create a competitive advantage is through delivery of high quality service.

Karanja (2002) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. According to Karemu (1993), in a study of strategic management in the retail sector, there was intense competition among the supermarkets in Nairobi. The study found that service, location and varieties of merchandise were most mentioned as creating competitive advantage.

3.0 RESEARCH METHODOLOGY

This study was conducted through a cross sectional descriptive survey. There were 11 players in beer industry operating in Kenya. The research therefore took the form of a census study covering all the players in the beer industry in Kenya since the population of 11 firms was considered small enough. Eleven questionnaires were given out though only 10 were considered fit for data analysis. Data was analyzed using descriptive statistics. In particular, frequencies, mean scores, standard deviation, averages and percentages were used. The data analysis was through simple tabulation and presentation of report generated from spreadsheets such as excel. In addition the Statistical Package for Social Sciences (SPSS) was used.

Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016
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4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate and Demographic Profile

Out of the eleven questionnaires handed out, only 10 questionnaires were properly filled bringing the successful response rate to 91%. Concerning the type of operation, the results indicate that the majority of the players are distributors (60%) followed by manufacturing (20%) and both manufacturing and distribution (20%). The findings are in line with study expectation since majority of the players are subsidiaries of multinational with only a distribution network in Kenya. Only two players manufacture beer in Kenya. Results indicate that the majority of firms were incorporated between 5-10years (20%), those firms who have been incorporated for over 10 years (70%) and those firms who have been incorporated for between 1-5 years (10%). The findings imply and are consistent with observation that majority of the firm have been operating in Kenya for over 5 years (90%). Majority of the firms in this study were Foreign (90%) followed by local firms (10%). The finding could be explained by the fact that the only local firms were East African Breweries and Keroche Industries. Majority of the firms in this study are privately owned (60%) followed by publicly owned firms (40%).

4.2 Forces of Competition in the Beer Industry in Kenya

Study findings indicate that majority of more than half (60%) of respondents strongly agreed with the statement that competitive rivalry has affected the way the players compete in the beer industry. Twenty percent (20%) also agreed bringing the total of those who either agreed or strongly agreed to 80%. The findings are shown in Table 1.

Table 1: Competitive Rivalry

	Frequency	Percent
Strongly Disagree	1	10
Neither Agree nor Disagree	1	10
Agree	2	20
Strongly Agree	6	60
Total	10	100

Findings indicate that majority of slightly less than half (40%) of respondents strongly agreed with the statement that threat of new entrants has affected the way the firm competes in the beer industry. Thirty percent (30%) also agreed bringing the total of those who either agreed or strongly agreed to 70%. The findings are shown in Table 2.

Table 2: Threat of new entrants

	Frequency	Percent
Disagree	1	10
Neither Agree nor Disagree	2	20
Agree	3	30
Strongly Agree	4	40
Total	10	100

Findings indicate that majority of slightly more than half (60%) of respondents strongly agreed with the statement that Bargaining power of suppliers has affected the way the firm competes in the beer brewing industry. Forty percent (40%) also agreed bringing the total of those who either agreed or strongly agreed to 100%. The findings are shown in Table 3.

Table 3: Bargaining power of suppliers

	Frequency	Percent
Agree	4	40
Strongly Agree	6	60
Total	10	100

A majority of exactly half (50%) of respondents strongly agreed with the statement that Bargaining power of customers has affected the way the firm competes in the beer brewing industry. Forty percent (40%) also agreed bringing the total of those who either agreed or strongly agreed to 90%. The findings are shown in Table 4.

Table 4: Bargaining power of customers

	Frequency	Percent
Strongly Disagree	1	10
Agree	4	40
Strongly Agree	5	50
Total	10	100

A majority of less than half (40%) of respondents strongly agreed with the statement that Globalization has affected the way the firm competes in the beer industry. Forty percent (40%) also agreed bringing the total of those who either agreed or strongly agreed to 80%. The findings are shown in Table 5.

Table 5: Globalization

	Frequency	Percent
Neither Agree nor Disagree	2	20
Agree	4	40
Strongly Agree	4	40
Total	10	100

A majority of exactly half (50%) of respondents strongly agreed with the statement that Regulation has affected the way the firm competes in the beer industry. Forty percent (40%) also agreed bringing the total of those who either agreed or strongly agreed to 90%.

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ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016

Table 6: Regulation

	Frequency	Percent
Neither Agree Nor Disagree	1	10
Agree	4	40
Strongly Agree	5	50
Total	10	100

A majority of less than half (40%) of respondents strongly agreed with the statement that Information Technology has affected the way the firm competes in the beer industry. Forty percent (40%) also agreed bringing the total of those who either agreed or strongly agreed to 80%. The findings are shown in Table 7.

Table 7: Information Technology

	Frequency	Percent
Neither Agree nor Disagree	2	20
Agree	4	40
Strongly Agree	4	40
Total	10	100

4.4 Competitive Strategies adopted by Players in Beer Industry

A majority of exactly half (50%) of respondents indicated that that to a great extent the firm has increased its branches and employees so as to achieve economies of scale. Thirty (30%) also indicated to a very great extent bringing the total of those who either indicated to a great or to a very great extent to 80%. The findings are shown in Table 8.

Table 8: Increased Branches and Employees to Achieve Economies of Scale

	Frequency	Percent
To some extent	2	20
To a great extent	5	50
To a very great extent	3	30
Total	10	100

A majority of more than half (70%) of respondents indicated that that to a great extent the firm has increased its expenditure in ICT and automation.

Table 9: Increased Expenditure in ICT and Automation

	Frequency	Percent
To some extent	2	20
To a great extent	7	70
To a very great extent	1	10
Total	10	100

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ISSN 2520-0402 (Online)
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Ten percent (10%) also indicated to a very great extent bringing the total of those who either indicated to a great or to a very great extent to 80%. Investment in ICT and automation brings down the cost of administration as well as ensuring that products are delivered through cost efficient channels.

A majority of less than half (40%) of respondents indicated that that to a great extent the firm deliberately seeks cheap ways of raising funds or access to capital required for investment. Thirty (30%) also indicated to a very great extent bringing the total of those who either indicated to a great or to a very great extent to 70%. The findings are shown in Table 10.

Table 10: Seeking Cheap Ways of Raising Funds /Access to Capital for Investment

	Frequency	Percent
Not at all	1	10
To some extent	2	20
To a great extent	3	30
To a very great extent	4	40
Total	10	100

A majority of approximately half (50%) of respondents indicated that that to a very great extent the firm has invested in product research. Thirty (30%) also indicated to a great extent, bringing the total of those who either indicated to a great or to a very great extent to 80%.

Table 11: Investment in Product Research

	Frequency	Percent
To a small extent	1	10
To some extent	1	10
To a great extent	3	30
To a very great extent	5	50
Total	10	100

A majority of more than half (60%) of respondents indicated that to a great extent the firm products are of high quality, are highly customized and diversified. Thirty percent (30%) also indicated to a very great extent, bringing the total of those who either indicated to a great or to a very great extent to 90%. The findings are shown in Table 12.

Table 12: High Quality, Highly Customized and Diversified Firm's Products

	Frequency	Percent
To some extent	1	10
To a great extent	6	60
To a very great extent	3	30
Total	10	100

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ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016
www.carijournals.org

A majority of less than half (40%) of respondents indicated that that to a great extent the firm has a corporate reputation for quality and innovation. Forty (40%) also indicated to a very great extent, bringing the total of those who either indicated to a great or to a very great extent to 80%. Firm who embrace a culture of innovation and are driven by quality concerns are more likely to pursue differentiation as a competitive advantage. The findings are shown in Table 13.

Table 13: Corporate Reputation for Quality and Innovation

	Frequency	Percent
Not at all	1	10
To some extent	1	10
To a great extent	4	40
To a very great extent	4	40
Total	10	100

A majority of approximately half (50%) of respondents indicated that that to a very great extent the firm has products for low income earners group. Forty (40%) also indicated to a great extent, bringing the total of those who either indicated to a great or to a very great extent to 90%. The findings are shown in Table 14.

Table 14: Products for Low Income Earners Group

	Frequency	Percent
To some extent	1	10
To a great extent	5	50
To a very great extent	4	40
Total	10	100

A majority of less than half (40%) of respondents indicated that that to a great extent the firm has products for middle income earners. Thirty percent (30%) also indicated to a very great extent, bringing the total of those who either indicated to a great or to a very great extent to 70%. The findings are shown in Table 15.

Table 15: Products for Middle Income Earners

	Frequency	Percent
To a small extent	1	10
To some extent	2	20
To a great extent	4	40
To a very great extent	3	30
Total	10	100

A majority of more than half (70%) of respondents indicated that that to a great extent the firm has products for high income earners. Fourteen (10%) also indicated to a very great extent, bringing the total of those who either indicated to a great or to a very great extent to 80%. The findings are shown in Table 16.

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Table 16: Products for High Income Earners

	Frequency	Percent
To a small extent	1	10
To some extent	1	10
To a great extent	7	70
To a very great extent	1	10
Total	10	100

A majority of less than half (40%) of respondents indicated that that to a very great extent the firm provides customers with products at the lowest total cost. Thirty (30%) also indicated to a great extent, bringing the total of those who either indicated to a great or to a very great extent to 70%. This implies that players in the beer industry pursue operational excellence which is one of the value disciplines. The findings are shown in Table 17.

Table 17: Providing Customers with Products at the Lowest Total Cost

	Frequency	Percent
Not at all	1	10
To a small extent	1	10
To some extent	1	10
To a great extent	3	30
To a very great extent	4	40
Total	10	100

A majority of approximately half (50%) of respondents indicated that that to a very great extent the firm customer service pursues the highest level of convenience, with the goal of making every customer interaction easy, pleasant, quick, and accurate. Thirty (30%) also indicated to a great extent, bringing the total of those who either indicated to a great or to a very great extent to 80%. This implies that players in the beer industry pursue customer intimacy which is one of the value disciplines. The findings are in Table 18.

Table 18: Customer Intimacy

	Frequency	Percent
To a small extent	1	10
To some extent	1	10
To a great extent	3	30
To a very great extent	4	50
Total	10	100

A majority of less than half (40%) of respondents indicated that that to a great extent the firm continuously innovates in order to provide cutting-edge solutions to their customers and stay ahead of their competition. Thirty (30%) also indicated to a very great extent, bringing the total of those who either indicated to a great or to a very great extent to 70%. This implies that players in the beer industry pursue product leadership which is one of the value disciplines. The findings are shown in Table 19.

Table 19: Continuous Innovation to Provide Cutting-Edge Solutions to Customers

	Frequency	Percent
Not at all	1	10
To a small extent	1	10
To some extent	1	10
To a great extent	4	40
To a very great extent	3	30
Total	10	100

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

The first objective of the study was to establish the drivers/forces that influence competition. The majority of respondents strongly agreed that competitive rivalry, threat of new entrants, bargaining power of suppliers, bargaining power of customers, globalization, regulation and information technology has affected the way the players compete in the beer industry. The finding implied that the porter five environmental forces as well as the additional forces identified influenced the competition among players in the beer industry in Kenya.

The second objective of the study was to determine the competitive strategies adopted by players in beer industry. The majority of respondents indicated that to a great extent the firm had increased its branches and employees so as to achieve economies of scale, the firm had increased its expenditure in ICT and automation and the firm deliberately seeks cheap ways of raising funds or access to capital required for investment respectively. The findings implied that players in beer industry in Kenya adopted a cost leadership strategy for competing against other firms.

The findings further indicated that that to a very great extent the firm had invested in product research, the firm products were of high quality, are highly customized and diversified and the firm had a corporate reputation for quality and innovation respectively. The findings implied that players in beer industry were using differentiation as competitive strategy. The majority of respondents indicated that to a very great extent the firm had products for low income earners group, firm has products for middle income earners and firm had products for high income earners respectively. The findings indicated that players in beer industry used focus as a competitive strategy.

The majority of respondents indicated that that to a very great extent the firm provided customers with products at the lowest total cost, the firm customer service pursued the highest level of convenience, with the goal of making every customer interaction easy, pleasant, quick, and accurate, and the firm continuously innovated in order to provide cutting-edge solutions to their customers and stay ahead of their competition. The results implied that players in beer industry in Kenya used value disciplines as a competitive strategy.

5.2 Conclusions

It was possible to conclude that players in beer industry are faced by several forces that shape competition. These include competitive rivalry, threat of new entrants, bargaining power of suppliers and customers, globalization, regulation and information technology. The industry structures which were characterized by several firms who were price takers had to consider the action of rivals. The threat of new entrants existed because the barriers to entry were not insurmountable and hence the players had to strategies incase their traditional markets were encroached by new entrants. Some large buyers may ask for price and quantity discounts and the players had to be agreeable since failure to do so means that the buyers could threaten to move their business to a competitor. Large suppliers especially for barley may also manipulate the players through asking for exclusive contracts to supply. Globalization had influenced the way players compete since markets have widened and also the global market was now accessible to all players. Therefore, those players who enjoyed exclusive markets had a right to worry.

Players in beer industry in Kenya used cost leadership strategy as a competitive strategy since they attempt to reduce their operational costs in order to deliver the product at the lowest prices. It was also possible to conclude that players in beer industry in Kenya used differentiation as a competitive strategy since they had invested in product research and strive to deliver high quality products. Players in Beer industry in Kenya also use focus as a competitive strategy since they have products for different types of consumers. It was also possible to infer from this study that players in beer industry in Kenya used value disciplines as a competitive strategy.

5.3 Recommendations

The study recommended that players in beer industry should put in place measure to counter the competitive rivalry, threat of new entrants as well as threat of substitutes. This can be achieved through the crafting of an effective marketing and competitive strategy. Specifically, the players should ensure that their intellectual property rights such as brand names, trademarks and formulas are safeguarded from use by competitors. The players should consider product position as a strategy to counter the threat of new substitutes. Dynamic environmental forces such as information technology, regulation and globalization should be closely monitored. Specifically, the players should carry out constant environment scanning so as to be able to identify the various forces that affect their operations. This way they would be able to identify the various socio economic factors that may influence their profitability. In addition players need to adopt strategic planning as a tool for planning against any unforeseen events that may destabilize the operations of the company.

It was recommended that players need to analyze and revise using the various competitive strategies that they current use. This will ensure that they use the strategies that are most complementary to each other. For instance, they need to identify the right mix of cost leadership strategies and differentiation strategies in order to minimize strategic conflict. Finally, players also need to factor in the concept of strategy fit by considering the internal capabilities and resources of the firm and see how best they can be used to implement strategy.

5.4 Suggestions for Further Studies

The study recommended that a study on strategic fit to be carried out for players in beer industry. Such a study would put into consideration the various strengths and weakness of a players and the match between these strengths / weakness and the type of strategy. In addition, a study on the causal relationship between competitive strategies and performance of players in beer industry was also necessary. The current study also recommended that an empirical study be carried out to establish the relative sensitivity and importance of various drivers/forces of competition in order to establish the ones that are most relevant to players in beer industry. In addition, a study to test whether some competitive strategies were more superior than others as far as players in beer industry were concerned may be carried out.

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Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol.1, Issue No.1, pp 34 - 52, 2016
www.carijournals.org

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