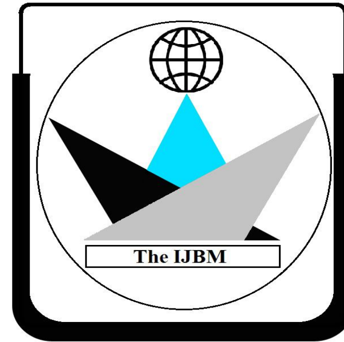
The International Journal of Business & Management

ISSN 2321 - 8916

Volume 6 Issue 8

August, 2018

www.theijbm.com



ISSN 2321 – 8916

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In recognition of the publication of the paper entitled

Analyzing the Course of Turmoil in Kenya's Retail Sector

Published in 'The IJBM' Journal Volume VI, Issue 8, August, 2018

Editor In Chief

B. K. Ghosh

THE INTERNATIONAL JOURNAL OF
BUSINESS & MANAGEMENT

Analyzing the Course of Turmoil in Kenya'S Retail Sector

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Abstract:
Purpose - The retail sector in Kenya is one of the main drivers of the Economy. This paper sought to empirically analyze the factors leading to the collapse of some of the major Supermarket chains and also to understand why some of them are struggling to operate.
Design/methodology/approach -The conceptual paper is based on the critical analysis of important data from internal and external industry publications, published interviews, and Regulatory Authorities reports.
Findings –It was evident that mismanagement and competition especially from online shopping are some of the main factors that have affected the retail chain sector. Supplier's failure to facilitate continuous stocking and scrupulous employees has also contributed significantly to the failure of the retail chain sector in Kenya.
Originality/value – This paper is the first to propose and provide a comprehensive insight into understanding the reasons for struggling and collapse of the major players in the retail chain industry. The paper also proposes scientific research to statistically explain the effect of each variable on the retail chains.

Keywords: *Supermarket, retail chain, nakumatt, uchumi, naivas, tuskys*

1. Introduction

According to the Vision 2030 plan, the retail sector is among the six priority sectors projected to make up the largest part of Kenya's Gross Domestic Product (GDP) and to create approximately 50 per cent of total formal employment. Indeed, the sector's potential fits squarely under the economic pillar of Vision 2030 that seeks to improve the prosperity of all Kenyans by achieving a 10 per cent GDP growth rate. A recent report by Oxford Business Group placed Kenya's retail market as the continent's second most developed, trailing behind South Africa, and the fastest growing sector within the continent(Joyce, Willy, Kimani, & Flora, 2017; Kimotho, 2017).Kenya's business environment has been described as the most dynamic in the region (Chesula & Iravo, 2016). In the recent past the economic environment and other business environmental changes have occurred exposing several entities to collapse, near collapse and even others being subjected into receivership. Many companies are facing financial and operational difficulties like Kenya Airways, Mumias Sugar Company, Chase Bank, Imperial Bank, many Public and Private Universities. However, things have been extremely difficult in the retail sector where major retail chain stores and supermarkets have struggled to stay afloat (Letting & Muthoni, 2013). This paper tries to empirically analyze the reasons behind the problems experienced by the major players in the retail sector in Kenya.

1.1. Overview of Retail Sector in Kenya

The structure of retail sector in Kenya has followed trends in major economies in Europe and Asia. According to Patibandla (2012) the retail sector can be classified into three categories. The first, "ready-to-go", comprises several subcategories in which determined retailers can build positions immediately because ease of sourcing, and consumer acceptance have reached a level that permits the exploitation of advantages of scale and range. These ready-to-go sectors include dry groceries (grains and cereals, packaged foods, toiletries, and household items), electronics, certain kinds of men's clothing, boo's and music, and shopping malls a good example being the format of Two Rivers mall in Nairobi. Dry grocery is particularly attractive because of the proliferation of brands and products which have helped improve retail margins on two levels: they're package-goods, hence suppliers must match retailer's better terms to obtain shelf space, and secondly, they practice what up market supermarkets like Tuskys in Nairobi central business district do such as attracting customers with frozen foods and offering a superior range of goods. They can also offer discounts because of their increased margin spread. The 2nd category of retailing, "shape/adapt", includes lives groceries ("fresh groceries"), women's clothing, do-it-yourself products, fast food, and furniture. Retailers in these sectors must invest substantially to shape the supply chain and persuade consumers to change their buying behavior. Good examples being, Mr. Price and Victoria furniture. The 3rd category of retail segments, "wait and watch", comprises the undeveloped sector that provides no immediate opportunity for retailers. Pharmacy products and retail liquor products are two examples of such sector.

Low level of over-the-counter drug purchases and complicated regulations make pharmacy chains unattractive(Fernie & Sparks, 2014; Plahe, 2005).

Kenya's retail sector is still among the most attractive for long-term investors in sub-Saharan Africa with an expansion rate of 30% despite cash flow challenges that have left giants on the brink of collapse. The interest is largely fuelled by the sector's growth. It has outperformed the economy in the last five years due to rising households' disposable income, analysts at financial advisory firm Strat Link noted.Reardon et al. (2005) attribute the growth of supermarkets in Kenya to such factors as increased urbanization; a growing middle class and its changing lifestyles; and market liberalization that has led to increased competition in the sector. The supermarket is not a new concept in Kenya, having had the first store of its kind in the 1960s. A lot of changes have been experienced in Kenya's retail sector. Many new foreign as well as local investors are establishing retail chains or supermarkets in Kenya (Njoroge, 2015). To do so, they are being forced to build their supply chains from scratch and to spur consumer interest in products that aren't familiar to many Kenyan shoppers. For example, Choppies, which has spent months developing a supply chain and devising unique product bundles, is now emerging as a force in the retail chain sector. Kenya's retail sector has experienced tremendous new entrants as well as threats of exit by some major players in the recent years. The market was valued at ksh 1.8 trillion in2017according to a survey conducted by Proctor and Gamble and is projected to increase substantially by approximately 10% annually over the next 10-15 years(Kimotho, 2017). The sector having a huge current market and future potential due to a number of factors like expanding middle class that has a high purchasing power, a conducive macro-economic environment in Kenya with gross domestic product growth of 5% in 2017 and a low retail penetration rate of 35%, retail giants like Nakumatt struggle to hold onto market share as new multinationals like Choppies, Shoprite,Carrefour, Game, enter the market while Wal-Mart, eye a comeback(Joyce et al., 2017; Kariuki, 2018).

Some of the old players in the retail industry are Uchumi Supermarkets, founded in the mid '70s and Nakumatt Supermarkets, founded in 1987. However much growth was not seen within the retail chains until the mid '90s when supermarkets grew from 5 to the current over 300 stores in Kenya (Kiruga, 2013). These range from well-established retail chains to independent one store supermarkets. In the past six years, the dominant players in the sector includes Nakumatt which had 66 branches (Some, 2017). Nakumatt is a privately-ownedretail chain and had over the years grown into Kenya's most successful indigenous chain of supermarkets with a regional presence. At its peak, the retailer was estimated to be worth between Sh50 billion and Sh60 billion, according to a source with close knowledge of Nakumatt's operations(Herbling, 2013; Wiersinga & De Jager, 2009). Tuskys Supermarkets is another major chain in Kenya, ranking second, by sales, in the retail industry. The oldest and once leading supermarket chain, Uchumi, is also a major player in the industry(Mwangi, 2018). In the 1990's Uchumi spearheaded the hypermarket concept in Kenya. Other key retail chains are Ukwala, Chandarana, Eastmatt and Naivas (Neven, Reardon, Chege, & Wang, 2006).

2. Literature Review on Retail Sector Trends

According to Fitch (2016)analysts have indicated that declines and closures in China's traditional retail industry is set to continue amid sluggish sales and changing consumer habits. The outlook for the sector which includes department stores and other bricks-and-mortar shopping outlets is negative, with demand likely to "remain muted" in the near future, a Fitch report said. Same-store sales for Parkson Retail Group fell 9.7 per cent in the first half, while for the Golden Eagle Retail Group the drop was 8.7 per cent. Chinese shopping centre operator, Intime Retail which is backed by Alibaba, posted sales that fell 3.7 per cent in the first nine months of the year. Weakness in the industry is making the retail environment increasingly competitive. Retailers can gain an edge by improving their product mixes, because certain industry segments such as sporting goods are continuing to grow(Fitch, 2016).Despite growth in Gross Domestic Product (GDP) in the United States, there have been nine retail bankruptcies in 2017 as many as all of 2016. J.C. Penney, RadioShack, Macy's, and Sears have each announced more than 100 store closures. Sports Authority has liquidated, and Payless has filed for bankruptcy. This year, several apparel companies' stocks hit new multi-year lows, including Lululemon, Urban Outfitters, and American Eagle, and Ralph Lauren announced that it is closing its flagship Polo store on Fifth Avenue, one of several brands to abandon that iconic thoroughfare. The closures have been attributed to several trends including the rise of e-commerce, the over-supply of malls, and the surprising effects of a restaurant renaissance have conspired to change the face of American shopping(Thompson, 2017).

A 2016 US retail survey found that, for the first time, consumers had made more purchases online than they did in stores. Retailers who lag behind in online experience have suffered dire consequences. One example is Gymboree, which recently announced that it was closing hundreds of stores and filing for bankruptcy protection. Online sales represent less than one-quarter of Gymboree's overall revenue, and its web systems are "dated and unsupported," according to James Mesterharm, the struggling retailer's Chief Restructuring Officer. Engaging features like ratings and reviews, social sharing, detailed product images and videos, and enticing discounts and promotions are now common, and consumers expect them everywhere they shop(Boerschinger, Pansch, & Lupini, 2017).Whereas omni-channel commerce is on most retailers' minds these days, many still struggle to manage multiple channels efficiently. True unified commerce ties in all of the retailer's channels, which may go beyond physical stores, e-commerce sites, and catalog sales to include marketplaces like Alibaba, eBay and Amazon. Nowadays, shoppers are making more of their purchases online: between 2010 and 2017, Amazon's sales in North America quintupled from $16 billion to $80 billion. Most companies are now embracing alternative sales channels. The Swedish furniture giant IKEA which has hinted at selling on Amazon recently is a good example. It is quickly becoming an imperative for retailers to list their wares on the world's largest online marketplaces(Boerschinger et al., 2017; Epstein, 2018).

3. Models of Analyzing Kenya's Retail Sector

Researchers have proposed some strategic techniques which are useful for analyzing the competitive scenario of the industry. Employing more than one tool gives more objective results as the weaknesses of one tool are supplemented by the strengths of another tool. Analyzing the retail sector requires more than one analytical tool or model. The Strategic Position and Action Evaluation, competitive profile matrix and porters five forces model have been observed as some of the major tools that can analyze different aspects of Kenya's retail sector.

3.1. Strategic Position and Action Evaluation (SPACE) Matrix

According to Simister (2011) SPACE (Strategic Position and Action Evaluation) matrix is proposed by Rowe, Mason, Dickel, Mann, & Mockler which analyzes the industry competition based on two dimension; first, internal dimension includes financial strength and competitive advantage which are the major determinants of company's strategic position and second, external dimension includes environment stability and industry strength that indicate the strategic position of entire industry. Gurbuz (2013)indicate that the different dimensions in the matrix result in different strategic postures (aggressive, competitive, conservative, and defensive) which can be translated into generic competitive strategy to help manager develop appropriate competitive strategy for the company. However, this matrix suffers from some limitations(Tafti, Jalili, & Yahyaeian, 2013). There are no scientific procedure to select the factors in the dimensions and each individual factor carry equal weight analyzing the competition (Zendeh, Aali, Davoud, & Atashpeyker, 2012).

	Internal Competitive Strength	**External Competitive Strength**
X axis	Competitive	Industry
	(-6: worst -1: best) Product quality Market share Brand image Product life cycle Average =	(+6: worst +1: best) Barriers to entry Growth potential Access to financing Consolidation Average =
	Total axis X score =	
Y axis	Financial	Environment
	(+6: worst +1: best) ROA Leverage Liquidity Cash flow Average =	(-6: worst -1: best) Inflation Technology Demand elasticity Taxation Average =
	Total axis Y score =	

Table 1: SPACE Matrix
Source: Developed from (Radder & Louw, 1998)

3.2. Competitive Profile Matrix (CPM)

Sohel, Rahman, and Uddin (2014)define Competitor Profile Matrix (CPM) as a tool which helps companies to assess themselves against theirmajor competitors using the critical success factors for that industry. Zimmerer, Scarborough, and Wilson (2008)observed three steps to construct a CPM for a company. The first step is tofind the key success factors(KSFs) for the company and attach weight to those factors according to theirrelative importance. In the next step, company need to identify its major competitors and rate each competitor including company itself on each of the KSFs. KSFs include both internal and external issues and different ratings have been given from1 to 4 considering their relative importance to the organization where 1 stands formajor weakness, 2 stands for minor weakness, 3 stands for minor strength,and 4 stands for major strength. Same method has been applied when rating tothe KSFs of competitors. Lastly, company has to multiply the weight by the rating for each factor to get a weighted score and then adds up each competitor's weighted scores to get a total weighted score. This is very essential in retail chain sector analysis as the effect of variables is given different weights to determine the actual influence of each variable.

Competitive Profile Matrix (CPM)							
		Own Company		Competitor A		Competitor B	
Critical success factor	Weight	Score	Weighted score	Score	Weighted score	Score	Weighted score
Marketing	XX	XX	XX	XX	XX	XX	XX
Brand reputation	XX	XX	XX	XX	XX	XX	XX
Location	XX	XX	XX	XX	XX	XX	XX
Product quality	XX	XX	XX	XX	XX	XX	XX
Customer service	XX	XX	XX	XX	XX	XX	XX
Customer loyalty	XX	XX	XX	XX	XX	XX	XX
Product range	XX	XX	XX	XX	XX	XX	XX
Total Score	XX	XX	XX	XX	XX	XX	XX

Table 2: Competitive Profile Matrix (CPM)
Source: Developed from(SOHEL Et Al., 2014)

3.3. Porters' Five Forces Model

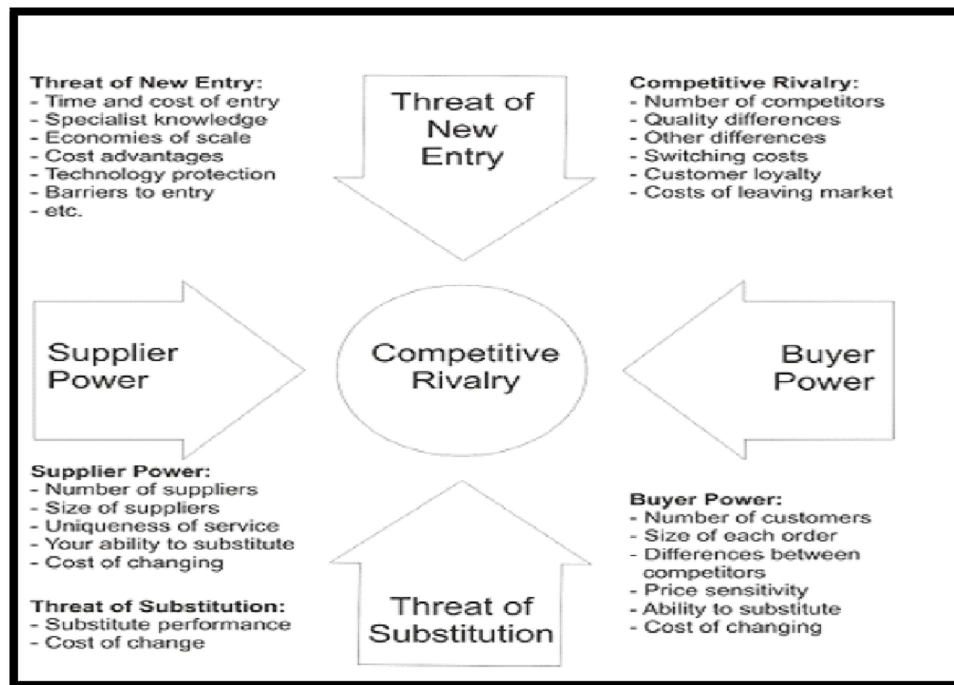

Figure 1: Porters' Five Forces
Source: (Porter, 1989)

The most significant and influential analytical tool for assessing the nature of competition in an industry according to many scholars is, Michael Porter's Five Forces Model (Jörgensen, 2008; Stonehouse & Snowdon, 2007). With the introduction of the Five Forces Model, Porter presented his arguments that competition in any industry is not only between explicit industry players which we refer to as rivals, market players, industry competitors or competing businesses but goes well beyond that. He presented a model which provides a view of all competitive forces which create pressures on prices, costs, the rate of investment and other strategies necessary to compete in the industry (Porter, 1979, 1985, 1989). The model focuses on five forces that shape the competition within an industry: (a) the threat of new entry, (b) the threat of substitutes, (c) the bargaining power of buyers, (d) the bargaining power of suppliers, and (e) the extent of rivalry between competitors within an industry (Hill; Porter, 2008). On the basis of analyzing the five forces, Porter argues that an organization can develop a generic competitive strategy of differentiation or cost leadership, capable of delivering superior performance through an appropriate configuration and coordination of its value chain activities (Stonehouse & Snowdon, 2007).

4. Causes of Turmoil in Kenya's Retail Sector

A closer look at the recent trends characterizing Kenya's retail sector reveals mixed fortunes. Whereas the sector has reported growth there are some unfortunate events which signal that the sector is experiencing challenges(Kimotho, 2017). The turmoil in the retail sector has been a reality check after a decade of heavy investment in the sector that analysts had warned was heading to a glut. Many analysts say it is time for all retail chain players to go back to the drawing board and rationalize profitability and the suitability of an open branch or expansion strategy(Achuka, 2017). Many retail sector analysts in Kenya concur that a combination of factors including gross mismanagement, poor strategic decisions, tax issues and massive internal losses perpetrated by some wayward employees and suppliers are the main reasons behind the turmoil's and slow death of giant retail chain stores in Kenya(Mithamo, Marwa, & Letting, 2015; Some, 2017). Some of these factors are analyzed below.

4.1. Interference by Several Actors and Government

There have been a number of allegations that the government has been meddling in the affairs of the major giant retailers in the country. A case to note is when the Nakumatt accused the government of costing it more than KShs. 35 billion in stock, cash and business opportunities when it was ordered to stop operations in 1998 when the government alleged that the retailer had stocked canned beef suspected of having mad cow disease which was later discovered that it was a hoax and retail stores reopened (Some, 2017). Demolitions of buildings holding retail branches either for road expansion or other development reasons has also affected strategic locations of the retail stores. The construction of Thika road affected malls along the road reserves which housed some of the retail chains.Unfavorable government actions in the wake of disasters like the fire at Nakumatt Downtown branch in 2009 that saw 29 lives lost due to a repaired transformer that wasn't done to standard led to loss of reputation of retail chains. Another example to note is the terrorist attack on the Westgate Mall in 2013 that saw the Nakumatt Ukay branch closed indefinitely leading to further loses. To make matters worse, the retail chain was forced to open more branches to absorb the idle workforce (Some, 2017). The Competition

Authority of Kenya in its mandate to rein in supermarkets that abuse their market dominance also hindered free market operation and expansions by the major retailers. The authority's competitiveness of the industry analysis in 2017indicated that dominant players use unfair tactics to lock out the entry of new players. According to Mwaniki (2016), the government through Kenya Revenue Authority (KRA) has been overtaxing the retail chains. Double taxation in the country has not been resolved. A demand of 1 Billion Kenya shillings in taxes from Nakumatt for an alleged takeover by another firm sparking an agency notice to all banks thus crippling Nakumatt's operations in 1998 forcing the retailer to operate as a sole proprietorship by trading through cash transactions is a good example.

4.2. Mounting Financial Debts

Mostretail chains in the country have accumulated a lot of debts over the years. This is attributed to anumber of factors including; mismanagement, lack of accountability and conflicts of interest. For example,as at July 2017, the outstanding debt of Nakumatt stood at kshs. 30 billion as revealed by a government official. The debt has been rising throughout the period and Nakumatt's management only disclosed its true financial position to the Government when it sought its intervention in regaining stability (Achuka, 2017)**.**Another point which can also be attributed to incompetence or poor management is the poor financing decisions undertaken by managements. According to the Kenya Bureau of statistics Economic report of 2012, the Kenya Commercial Bank and Co-operative Bank of Kenya had jointly lent Uchumi over Sh1 billion to help cure cash flow problems that had threatened to end deliveries. This mode of financing was not the best in light of the fact that the supermarket was already in a lot of debts and hence using an interest generating debt to offset another debt was ill advised (Mbandu, 2016; Waweru, 2017).

4.3. Lack of Accountability Due to Reduced Scrutiny

Due to the nature of Kenya's company Act, private limited companies exploit the advantage of less scrutiny. This has led to the issue of accountability as majority of the private retail chains suffer from accountability related problems. The stringent rules conferred upon public limited companies especially those listed in the Nairobi securities Exchange have increased scrutiny which improves accountability. Given that majority of the retail chains are private limited liability companies and many of which are family owned like Naivas, Tuskys and Nakumatt, they are not subjected to the thorough scrutiny that listed companies like Uchumi are subjected to. For instance, it is not mandatory that the private companies be subjected to an external independent audit that other listed companies are subjected to. This has led to the non-detection of internal problems that can be revealed in good time and a corrective action taken (Herbling, 2013).

4.4. Poor Expansion Plan

Opening of new branches call for huge capital expenditure to secure spaces, renovate the spaces, put in shelves and other partitions. In addition, stocking of the new branches is the costliest venture. Amounts used in stocking are not categorized as capital expenditures but revenue expenditure. These new stockscan eat into the liquid resources of the retail chains. Some supermarkets are having cash flow problems as a result of the rapid expansion that saw a lot of liquid resources go into the purchase of the stocks within a shorter period that the stock can be sold (Shisia, Sand, & Okibo, 2014). Achieng, Paul, and Mbura (2018)questioned the rate at which some of the retail chains opened new branches. He noted that in the case of Nakumatt, it was fast and even outpaced the older retain chains which have less than 40 branches. Nakumatt had 66 branches which was a bit ambitious without a real strategy.Uchumi has closed its subsidiaries in Uganda and Tanzania, as they were never profitable. The supermarket has also closed about 40% of its retail outlets in Kenya. According to Mburu (2012) the past managements opened branches that could not be justified. One such branch is in Gulu in Northern Uganda. Analysts have expressed concern that even branches in bigger towns were not in the best locations. This unnecessary expansion was as a reaction to the aggressive expansion of the supermarkets competitors in the region including Nakumatt which had embarked on an ambitious growth plan opening new outlets in various parts of Uganda. The expansions did not work out as in the end both companies plunged themselves into financial crisis.

4.5. Employees Related Problems

Unscrupulous employees have contributed to the woes being faced by players in the retail chain sector.Some employees have been conniving with suppliers to take advantage of poor management structures to steal from the companies. Unscrupulous employees often collude with suppliers to pay for goods not delivered. In some instances, the retailers have accumulated a lot of dead stock, goods which they have already paid for but which are not moving off the shelves. In the case of Nakumatt, an audit found out that millions of shillings were lost through a credit card scam whereby certain employee's pocketed money from credit card purchases which were stopped from reflecting on the company's system (Kirunga, 2013).Non-motivated employees have also contributed to the downfall of retail chains. Some retail chains havelong shift hours with no good pay while others have unilaterally reduced workers' shift hours from 13 to 10 hours with the aim of cutting down their overtime pay. Some are not remitting statutory reductions among other contractual deductions like pensions, pay as you earn (PAYE) deductions, loan repayments, sacco contributions, private insurance schemes deductions, and union dues to the relevant agencies(Njoka, 2010).

4.6. Supplier Related Problems

Failure to honor contractual obligations on the part of some retail chains has seen many suppliers moving to competitors and cutting off supplies(Otieno, 2010). For example**,** Ugandan suppliers halted giving Nakumatt as well as Uchumi merchandise because of failure to meet their financial obligations. This saw a number of Nakumatt's stores including Garden City, Bukoto, Naalya and Bugolobi run out of stock on some items. In Kenya, association of Kenya

Suppliers chairman Kimani Rugendo noted that suppliers had developed cold feet towards struggling retailers since the suppliers have not been paid for many months (Kiarie, 2010).The decision to undertake rebranding supplier products with retail chain packages like Ukwala, Naivas, Tuskys and Nakumatt blue label meant that supplier brands were invisible and hence not good for the supplier businesses. Some of the suppliers left as the retail chains opted on this strategy which intern reduced the suppliers sales (Mwaniki, 2016).In the case of Uchumi, it was reported that some suppliers were taking advantage of poor book keeping to demand double payment and the new management could not prove whether they had supplied and payment made or not (David, 2015).

4.7. Perceived High-End Retail Chains

Despite the fact the some of the major retail chains like Nakumatt and Uchumi had all that the customers required, the retail chains are perceived to be high end and expensive in the country. This has led to most of the customers especially the middle and lower income earners avoiding such retail chain outlets especially when they are located near other small local competitors like Ukwala, Khetias and Tumaini. This may have contributed to their financial woes (Some, 2017). Nakumatt Managing Director, Atul Shah, did admit that the retailer was "perceived as expensive" at Ronald Ngala street. This shows he didn't agree with the assertion however majority of consumers assert that their shelf prices are always higher than the other retail chain stores. Their choice of high end malls which are not comfortably accessed by lower income earners has contributed to the perception(Neven et al., 2006).

4.8. Mismanagement

Waweru (2017) asserted that part of the troubles of retail chain stores like Uchumi supermarket is attributed to mismanagement. The supermarkets loss of Kenya power and lighting company dealership, which Uchumi had held for a couple of years because of non-remittance and delayed payments of prepaid electricity tokens collected was an indicator of mismanagement. This was catastrophic as it signals the loss of a significant revenue stream. Media houses suspended the supply of newspapers to some supermarkets after they continuously failed to pay for the stock they had sold. Some media houses are still owed millions of shillings(Mungai, 2017).The fact that some retail chains allow or allowed senior managers to also double up as suppliers for most of the goods amount to conflict of interest (Ndwiga, 2012). Poor resource policy is also witnessed as overheads on rent keeps on increasing at a more than proportionate growth in sales (Ndwiga, 2012).

Misrepresented financial position of some of the retail chain stores is also an indication of mismanagement.A good example isUchumis reported profits which had been grossly overstated for years. Essentially, the amount paid out in dividends per share in 2014 may have possibly been paid out from borrowed funds. Uchumi reported Sh364 million in net earnings for the year ended June 2014 which was not the true picture. More than Sh1 billion in losses had been cleverly concealed, prompting the need for a restatement of accounts(Wandabwa, 2016). Julius Kipng'etich the managing director stated that, the financial crisis had begun pounding Uchumi at least three years before June 2015, but the former management, had found a way to pad earnings and understate expenses. The supermarket had to write of the more than a billion shillings concealed from previous years. These write offs ballooned the losses in an already disappointing financial year. Total net losses for the 2015 financial year jumped to Sh3.4 billion (Waweru, 2017). London-based investment bank Exotix had in 2015 written in a research note that Uchumi's past managers had factored in the revaluation of property gains in the retailer's income statement. Without the gains from the revaluation of properties owned by the retailer, including two prime premises in Nairobi, Uchumi would have been in loss-making territory from 2013. After stripping out the revaluations, auditors calculates showed that Uchumi would have reported a Sh123 million loss in 2013 against the Sh357 million profit it reported, and a Sh336 million loss in 2014 compared to the Sh384 million profit it declared (Muchiri, 2016; Wandabwa, 2016).

4.9. Competition

According to(Gichungu, 2012); Mutwiri (2012) the current supermarket retail business in the region is overcrowded. In Kenya, new entrants are emerging every year with different strategies that are pushing the market leaders out of their market share. Some Old key competitors like, Naivas, Ukwala and Tuskys seem more aggressive and responsive to the changes in the market. There is also a strong online presence that is taking shape where consumers are now finding goods on online stores like Kilimall, OLX and Jumia. Kilimall Managing Director Mr Victor Ma said business had grown by over 300% in the last two years, with customers crossing the one million mark by close of December 2016(Muli, 2017). Jumia and kilimall adoption of convenient payment methods to match the preferences of African consumers like payment on delivery has gone down well with many consumers. Since 65% of adults don't use a bank account, the websites allow customers to pay in cash to the deliveryman. This also serves to instill confidence in consumers outdoing traditional retail systems. Uchumi is one of the supermarkets that for some time have been perceived as being very expensive for the low-income purchasers. The past management made things worse by forcing review of some prices upwards yet the demand has been going down(Shisia et al., 2014). The entry of multinational giants like Choppies, Shoprite, Carrefour and Game, with good financial standings has increased competition especially at the high-end level.

5. Conclusion and Future Direction

Major supermarkets are operating at a very competitive environment and experiencing almost similar problems. There woes are majorly attributed to poor management that is either unable to make strategic good decisions or is held up

by personal interest in making the right choice. Public corporations like Uchumi supermarket have government goodwill contributing towards their revival an opportunity that most private entities like Nakumatt do not enjoy. But asKanoga, Njugana, and Bett (2015)say, "it is however only through good management policy that supermarkets can be revived for good". Further research needs to be undertaken to apply better research techniques with statistical inferences to be able to analyze each finding and the magnitude of its influence on the operations and performance of the major players in the sector. Such data will give a clear understanding of the sector for policy makers as well as the competitors. Models like Porters five forces can also be employed to offer in-depth analysis of the competitiveness within the industry.

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