

ANALYSIS OF COMPETITOR FACTORS AFFECTING SALES PERFORMANCE OF SMALL-SCALE TRADING ENTERPRISES IN KENYA

Gibson Gitachu Muchiri¹, Patrick Kibati¹ and Peter Mwaura²

1. School of Business and Economics, Kabarak University, Kenya
2. School of Business and Economics, Laikipia University, Kenya

Corresponding Author's Email: honproject106@gmail.com

Abstract

Ideally businesses regardless of size need to constantly re-evaluate their position relative to the market, develop and successfully implement competitive strategies in order to survive the unrelenting competition, grow and thrive. For small scale businesses, competitor analysis is, therefore, an imperative for their survival. Thus, it was of interest to the present study to examine how small-scale trading enterprises tackle competition to increase sales performance. The study, therefore, sought to examine the influence of competitor factors on sales performance of small-scale trading enterprises in Kenya focusing on Nakuru, Nyandarua and Kitui counties. It specifically sought to establish the influence of threat of new potential entrants, influence of substitute products, bargaining power of suppliers and buyers and rivalry among competitors on sales performance of the trading enterprises. The study was guided by the Resource-Advantage Theory. The study adopted a descriptive-exploratory research design targeting 397 randomly selected small scale trading enterprises in Kenya focusing on Nakuru, Nyandarua and Kitui Counties. Data was collected using pretested questionnaires and analyzed using both descriptive and inferential statistical methods. It emerged that competitor behavior had no statistically significant effect on the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. The entrance of new competitors in Nakuru and Nyandarua Counties was offset by the practice of cooptation. The effect of differentiation was negated by imitation. The study recommended that the dimension of cooptation be reviewed as without meaningful competition, the businesses will lose their competitive edge.

Keywords: Bargaining Power, Cooptation, Competitor Analysis, New Entrants, Substitute Products, Trading Enterprises,

Introduction

The increasing competition in the business world is being characterized by shorter product lifecycles, tough regulations, increasing number of businesses with the same offerings leading to more variety in the market place (Eidizadeh, Salehzadeh & Esfahani, 2017). This means that ideally businesses regardless of size need to constantly re-evaluate their position relative to the market, develop and successfully implement competitive strategies in order to survive the unrelenting competition, grow and thrive (Kotler & Keller, 2012). However, while big firms are known to have well-structured marketing campaigns that suggest underlying competitive strategies, this may not be necessarily the case for smaller firms. It is therefore imperative for this study to review how small -scale trading enterprises assess the number of similar businesses in their location, their market share, gather competitor insight, quality of good sold by competitor, attacks and counter attacks, rivalry and collaborations and even benchmarking best practices. Thus, it was of interest to the present study to examine how small-scale trading enterprises tackle competition to increase sales performance.

For small scale businesses to grow and perform like the larger corporates, a competitor analysis must be developed from their marketing activities of their everyday life and plug the gaps therein. Marketers of small businesses must look into major elements of competitor activities. This is a fundamental goal of increasing sales and achieving a sustainable competitive advantage (Kotler & Keller, 2009). Competitor strategy includes all basic, short-term, and long-term activities as competitor analysis (Baker & Sinkula, 2009). This becomes part of the marketing plan upon which all marketing activities and programs are hinged. The main objectives of doing competitor analysis include: study the market, predict demand and supply, increase market share, know competitor competences relative to our own, study market trends, predict upcoming threats and how to counter them and understand our market space (Nolan & Garavan, 2016).

Studying the actions and behaviour of competitors is essential O'Dwyer and Gilmore (2017). Now more than ever before, business leaders and businesses are increasingly paying close attention to their external environment and internal capabilities in order to survive in an environment that is in constant flux (Auerswald, 2008). Competition for most small businesses comes from both big businesses and other small businesses offering similar products and services. Wanjohi (2012) observed that most MSEs in Kenya rarely invest in formal marketing development as a core function of their operations to gain competitive advantage. Most small-scale businesses rely on informal marketing methods. The concept of competitive strategy originated from the Greek word "Stratego" denoting a plan to outdo and destroy one's enemies through effective use of resources (Thompson *et al.*, 2008). Strategies are methods or plans chosen to bring about a desired future, such as achievement of a goal or solution to a problem. According to Porter (1980), strategy is a competitive plan that relates to the overall pattern of activities and provides a sense of direction to an organization (Johnson, Whittington & Scholes, 2011). To investigate the strategy and sales performance relationship, many studies utilize approaches found to be generalizable across industries, specifically those proposed by Porter in 1980 which can be grand or generic (Allen & Helms, 2006). Grand strategies are long-term and can be customized to a specific firm, while generic strategies can be pursued by any type or size of business firm (Wheelen & Hunger, 2008).

In Kenya like other developing countries, about 78% of the population depends directly or indirectly on small scale trading enterprise (Wilson & Makau, 2018). They employ more than three-quarters of the working population. The sales performance of the trading enterprises has been remarkably low owing to the fact that access to new local market declined for financial year 2018-2019 which can be explained from both demand and supply factors and the increasing competition.

Therefore, the study sought to examine the influence of competitor factors on sales performance of small-scale trading enterprises in in Kenya focusing on Nakuru, Nyandarua and Kitui counties.

In Nakuru County, the population has been on a steady increase since the post-election violence of the year 2007/2008 therefore triggering a rapid expansion of the small scale trading enterprises. However, this change in demographic patterns has not necessarily translated to improved sales performance of businesses many of which have since closed or are performing poorly or have downsized their operations (Mua & Anyieni, 2019).

According to Waithaka (2016), Nyandarua County has a great potential for economic growth as most members are SME owners and farmers, however, for majority of the SMEs owners there are still significant market access challenges for their produce that affects the sale performance of their businesses leading some to diversify in order to get better returns. Kitui consists of a very young population 30 percent of the total population is between 15-34 years. Given the low formal employment prospects in the county, majority are engaged in business. The main economic activities include agriculture, small scale trading and commercial business (Wairimu, 2015). However, the SMEs in the area still register poor returns especially in terms of sales performance. The choice of the three counties of Nakuru, Nyandarua and Kitui was, thus, informed by their well-diversified demographics and the different business operating environments which were unique to the counties.

Research Objectives

- i. To examine the threat of new potential entrants influences sales performance of small-scale trading enterprises in Kenya.
- ii. To determine the influence of substitute products on sales performance of small-scale trading enterprises in Kenya.
- iii. To assess the influence of bargaining power of suppliers & buyers on sales performance of small-scale trading enterprises in Kenya.
- iv. To find out the influence of rivalry among competitors on sales performance of small-scale trading enterprises in Kenya.

Literature Review

Resource-Advantage (R-A) Theory

The Resource-advantage theory is an evolutionary process theory of competition that was first articulated in Hunt and Morgan in 1995 (Hunt & Morgan, 2005). The Resource-Advantage (R-A) Theory was developed in an effort to establish a general theory of competition without regard

to the usual disciplinary boundaries of the behavioral and social sciences. Since then, it has been subsequently advanced in numerous studies in order to explain competitive advantage of organizations. The central concept in R-A Theory is that of “resources”, which determine the competitive advantage of firms. Competitive advantage is the result of a firm’s planned strategy. The strategic direction is realized through the ability of producing greater profits than the competitors (Hunt, 2000). Hence, the crux of R-A Theory, as in much of the strategy literature, seems to lie in an equivocation of strategy and competition.

At its core, the R-A theory combines heterogeneous-demand theory with the resource-based theory of the firm. Contrasted with perfect competition, heterogeneous-demand theory views intra-industry demand as significantly heterogeneous with respect to customers’ tastes and preferences. Therefore, viewing products as bundles of attributes, different market offerings or bundles are required for different market segments within the same industry (Johnson & Scholes, 1999). Contrasted with the view that the firm is a production function that combines homogeneous, perfectly mobile factors of production, the resource-based view holds that the firm is a combination of heterogeneous, imperfectly mobile entities that are resources yielding a marketplace position of competitive advantage, and thereby, superior financial sales performance (Brown & Eisenhardt, 1998). Firms, therefore, learn through competition as a result of feedback from relative financial sales performance signaling relative market position, which in turn signals relative resources.

Similarly, when firms have a comparative disadvantage in resources, they will occupy positions of competitive disadvantage which will then produce inferior financial sales performance (Hodgson, 2000). Therefore, firms compete for comparative advantages in resources that will yield marketplace positions of competitive advantage for some market segment(s), and thereby, superior financial sales performance. How well competitive processes work is influenced significantly by five environmental factors: the societal resources on which firms draw, societal institutions, the actions of competitors, the behaviors of customers and suppliers, and public-policy decisions (Bhasin, 2012). However, the literature on competitive advantage is generally unclear on whether the search for a strategy that will deliver competitive advantage is a process of discovery or of invention (Johnson & Scholes 1999). Organization also drives strategy—too much is happening too fast for a “strategy first” approach. Organizations on the “edge of chaos” create complicated, unpredictable and adaptive behavior where small changes can have a big impact (Brown & Eisenhardt, 1998). Innovation in competition on the other hand has been explained by Hunt as not about dividing up limited resources but about creating more resources, and that competition is therefore “pro-society (Hodgson, 2000).

In the context of the present study, the R-A Theory gave insight on the strategic value of firms resourcing in anticipation of competition and whether this necessarily translates to competitive advantage given the consumption trends of the customer. In other words it sought to answer the question regarding whether competitors were had or were mobilizing resources in order to give them competitive advantage. These diverse sources make some more competitive than others. Having small scale trading enterprises with such limited resources, it is critical to assess how their sales performance is affected by competition.

Competitor Analysis and Business Sales performance

Competitor activity forms an essential part of every market and getting a firm understanding of it using Competitor Intelligence or CI provides profitable opportunities for growth. In contrast, inability to understand CI can result in increased risk of failure (Wright, McNidder & Pickton, 2009). Competitor Intelligence was a well-established practice of businesses in the United States where approximately 80% of firms employ it to gain competitive advantage (Maguire, Suluo & Ojiako, 2010). However, in the UK, businesses are beginning to gradually adopt it as part of their strategic activity as they are beginning to realize the advantages of “being aware” of their competitors (Jonanneson, 2010). This development, though, is largely practiced by big businesses and is seldom mentioned within the SME circles which stand to gain tremendously by engaging in CI.

The two most frequently cited challenges for SMEs in most contexts are the presence of “too many competitors” and also “large competitors”, therefore, it makes good sense to understand what and how they are doing. Granted, even the smallest attention given to CI has the potential to make an immense contribution to business success (Barney, 2007). Wright *et al.*, (2009), further, explain that it was vital for both large and small firms to understand the future strategies and capabilities of competitors. Traditionally, in their competition against large firms, most SMEs have banked on strengths such as specialist service, flexibility, a fair understanding of the needs of their customers and bespoke product. However, it is emerging that large firms that previously saw the contraction of their traditional markets are entering into territories where SMEs formerly dominated. Most come along with their wealth of ‘large market’ behaviour and experience among them CI to bear on the SME territory. To continue to be ignorant of the actions of ‘too many competitors’ and ‘large competitors’ which are the two key influences on profitability, future success and survival of the small firms is incredibly short sighted. Firms which have embraced CI have continued to use it and forge competitive strategies from the resulting information, helping to work towards sustainable competitive advantage.

Jonannesson (2010) observed that competitive intelligence information for small business management has grown in importance in the last three since the 1990s as a result of the increasing complexity in the business environment and tougher competition arising from the globalization of markets. Small businesses can purchase the competitive intelligence from outside experts or have its own competitive intelligence system. The internal system can be informal or a formal competitive intelligence system. The formal intelligence system can be analyzed in terms of its aggressiveness, which is the scope, time frame and the focus of threats/opportunities of the system; capability, which is the personnel, C.I. technology, and communication resources in the system; and the budget of the competitive intelligence function. The sources of the competitive intelligence data can be internal or external, field data or published data. Each have its own benefits.

Laakso (2017) carried out a competitor analysis for a small to medium sized firms in Europe. The findings revealed that strategy-wise, there is an observed high degree of differentiation in terms of the firms' product leadership and specialization. The study further established that some firms did not necessarily opt to focus on simple Virtual Reality (VR) and Augmented Reality (AR) solutions (low product leadership), but they simply lacked the product know-how to create the more advanced solutions and are therefore stuck in the low product leadership category. The firms' main competitors also showed relatively high differentiation on the chosen critical success factor parameters. Almost all the firms had both weaknesses and strengths in in some of the captured parameters. In addition, all but one had a low score in the number of VR/AR solutions the firm has developed. This result was expected, as this was an emerging industry and many firms have not yet had time to complete many customer projects.

Mumassabba *et al.*, (2015) carried out a study on factors influencing competitive advantage among supermarkets in Kenya focusing on Nakumatt Holdings Limited. First, the study showed that there was favorable environment for product innovation at Nakumatt Holdings Limited. Favorable organizational conditions have been demonstrated to arise from supportive organizational culture, leadership, resources allocation, strategies and competencies. Secondly, the study indicated that the influence of information technology on achieving competitive advantage was by increasing internal efficiencies and promoting better handling of the external environment. The operational efficiencies help firms in gaining competitive advantage by ensuring low cost and high-quality products. Third, the study underscored the importance of human resources represent a very important factor in creating of competitive advantage of an organization. Finally, the study recognized the significance of good supplier relationship as potential driver of competitive advantage.

Wambugu (2012) examined factors influencing competitive advantage of firms in the micro finance industry (MFI) in Kenya revealed that Marketing strategy, networks effects, strong research and development capabilities, Cost leadership and redefining customer value were used by many MFIs as competitive strategies. It was also concluded that being a low-cost provider, use of technology, support structures Risk, Service offered, quality, location, an embedded customer base and innovation have at least more than moderate influence in the competitive advantage. Mutisya (2013) study on competitive strategies applied by small and medium-sized firms in Mombasa County, Kenya revealed that financial and economic factors as well as the firms' resources or capabilities, greatly affect the choice of competitive strategy among other factors. Specifically, most of the small firms did not have fixed prices for their services or products. Majority of the SMEs owners were of the view that they were ahead of their competitors in terms of market share, profitability, quality and cost leadership.

Yogo (2013) carried out a study on growth strategies adopted by small and medium business enterprises in Oyugis Town, Homa Bay County, Kenya. It emerged from the study that most of the SMEs had embraced a number of growth strategies including market penetration, pricing and marketing together with other strategies. This resulted in the SMEs obtaining more advantages over their competitors, such as, increases in the total assets and sales volume annum which enabled them to remain competitive in the market. The study, further, established that most firms adopted market penetration strategy to spur their growth and as such, concentrated mostly on various aspects of market penetration. However, it also emerged that most of the small businesses in the area were faced with significant challenges among them stiff competition from large companies and the general view that they provided inferior quality to those of bigger firms, which affected the SMEs competitiveness despite the adoption of the growth strategies.

Another emerging aspect of competitor action that warrants further attention was co-opetition. Co-opetition describes a business situation in which independent parties co-operate with one another and co-ordinate their activities, by collaborating to achieve mutual goals, but at the same time competing with each other as well as with other firms (Czachon & Mucha-Kuś, 2014). Coopetition is the simultaneous competition and cooperation between two or more rivals (Luo, 2007). In any specific relationship elements of both cooperation and competition can be found together, but one or the other of these elements can be tacit in some cases. If both the elements of cooperation and competition are visible, the collaboration between the competitors was named co-opetition (Bengtsson & Kock, 2010).

The basic philosophy underlying co-opetitive business relationships was that all industrial management activities should aim for the establishment of mutually beneficial partnership

relationships with other actors in the system, including competitors (Yami & Neme, 2014). Thus, it was evident that cooperation combines cooperation and competition in addressing relationships between firms. According to this strategy, businesses can work together to realize their common goals while remaining in mutual competition with each other depending on conflicting benefits.

Akdogan and Cingöz (2012) carried out an empirical study on determining the attitudes of small and medium sized businesses (SMEs) related to cooperation in Turkey. The findings revealed that SMEs in the study area had a positive attitude related with the cooperation strategy, fundamentally, they viewed collaboration with their competitors, positively. In addition, trust was seen as the most important factor in relationship with competitors. The commitment dimension was also considered important while mutual benefits dimension scored as the least important dimension in comparison to the other dimensions of cooperation.

The modern era has consequences for entrepreneurs in creating market opportunities. Business-oriented organizations must be able to sustain their market amid the increasingly fierce competition and that even need to seize the market from competitors. One of the efforts required by a company to gain market share is with marketing capabilities (Guenzi & Troilo, 2006). Even, marketing capabilities are the key for organization in achieving competitive advantage through the creation of low-cost advantage and differentiation advantage, so that their products are better known than the competitors' products (Tan & Sousa, 2015).

Studies on marketing capabilities have also been extensively researched in different scopes of organizations, as on the sales managers (Guenzi & Troilo, 2006), hotel industry (Mohammed & Rashid, 2012), across different industries (Morgan, Slotegraaf & Vorhies, 2009a) and even on firms with export-oriented market (Tan & Sousa, 2015). The importance of marketing capabilities for business sales performance with adequate strategic resources will be easier to sustain their survival, to expand and to take profits and business sales performance (Nuryakin, Aryanto & Setiawan, 2018). Sin, Tse, Yau, Chow & Lee (2005) examined the impact of customer orientation, competitor orientation and inter functional coordination on business sales performance. The result found that market orientation gave positive and significant effect on business sales performance.

Methodology

This study adopted a mixed method approach employing the exploratory research design. Marketing research draws extensively from human behavior research methodologies and, as such, explorative studies which are capable of measuring the constructs used in human research can also be adopted for marketing research. The present study was concerned with application

of marketing related factors that influence enterprise sales performance over a variety of businesses spread over a wide area. It was aimed at discovering how the marketing related factors are applied in small scale trading enterprises. Therefore, the explorative research design was ideal. According to information obtained from the office of business licensing in Nakuru County, there were 36,631 licensed trading enterprises in the county as of 2016 (Nakuru County Government, 2016). Nyandarua had 14,995 registered businesses as of 2017 (Nyandarua County Government, 2017), while Kitui had 12, 082 SMEs (Kitui County Government, 2017) These counties were selected since they represent different counties in their very nature; Nakuru represents cosmopolitan counties and is unique due to its centrality where all it serves almost all cultures, Nyandarua represents agricultural reliant counties and its historical significance and tag of The White Highlands makes its unique while Kitui represent counties within the Arid and Semi-Arid (ASAL) environments, it acts as the gateway to the Eastern and Coast regions giving it a convergent nature of ASAL residence. Majority of the above businesses have been in existence for more than one year, hence, it was reasonably expected that their management have been involved in marketing the businesses in the area in which they are established. Therefore, the population for this study comprised of the proprietors of the businesses since by virtue of size, majority of these do not have more than five employees and as such the owners also act as the marketing managers of the trading enterprises. The main reason for this choice was that they are the key persons in the trading enterprises when it comes to marketing and, hence, can be expected to give reliable information for the study purposes

Since the target population of this study was sufficiently large, comprising of 63,708 licensed trading enterprises in the selected counties and from each one person to be sampled, the sample

$$n = \frac{N}{1 + N(e^2)}$$

size was thus calculated using the formula proposed by Israel (1992) with the population parameters available;

Where N was the population and $e = 0.05$ was the error allowed in obtaining the required sample size. Therefore, upon substitution in equation (i), the sample size at 95% confidence level was 397.5 or 397 businesses. The sample per county and in relation to the business type was developed using proportionate sampling strategy.

Data for the study consisted of both primary and secondary data which was collected in the form of both qualitative and quantitative data. Quantitative data was necessary for comparison. Data was collected using semi-structured questionnaires, interview schedules and unobtrusive observation. The questionnaires were administered to all the respondents. This was done by the

researcher and trained enumerators. The data was analyzed using both descriptive and inferential statistical methods. Descriptive statistical analysis was done using, frequencies and percentages to describe the basic characteristics of the data. Inferential data analysis was done using the Pearson's Product- Moment Correlation Coefficient and multiple regression analysis. Correlation analysis was used to determine if there was any significant bivariate relationship between the independent variables and dependent variable. Multiple regression analysis was then used to establish if the relationship between the independent variables and the dependent variables were statistically significant in a joint model. The outcome was then fitted into a multiple regression model which was assumed to hold under the equation;

Results and Discussion

Competitor Analysis and Sales performance of SSTE in Kenya

The study sought to evaluate the effect of competitor analysis on the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties, Kenya. The findings presented in Table 1.

Competitor Analysis and Sales performance of SSTE in Kenya

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	χ^2	p- Value
My business attracts customers from all walks of life	45(20)	103(46)	11(5)	31(14)	34(15)	111.14	0.001
I follow my customers buying trends and use the information to stock my business	7(3)	128(57)	45(20)	45(20)	0	53.79	0.005
I try to find out more about my customers and group them accordingly	25(11)	55(24)	25(11)	119(53)	0	75.11	0.002
Grouping customers help me in understanding their buying trends	29(13)	63(28)	18(8)	110(49)	7(3)	115.77	0.001
I try to ensure that my customers know the products by taking time to explain the qualities of the products to them	31(14)	96(43)	36(16)	45(20)	13(6)	54.41	0.005
I always inform my customers when I bring new products	78(35)	78(35)	9(4)	49(22)	9(4)	123.41	0.001
I always try to find out which brands our customers prefer	40(18)	85(38)	18(8)	43(19)	40(18)	74.42	0.002

I have created a brand for my business so that my customers can easily identify my business and products	58(26)	25(11)	20(9)	85(38)	36(16)	71.77	0.002
Most of my customers tend to buy goods that are branded	31(14)	81(36)	20(9)	67(30)	25(11)	64.48	0.002
I always encourage my suppliers to carry out brand promotion of their products around my business premises	45(20)	103(47)	38(17)	20(9)	18(8)	83.51	0.002
I always insist on displaying the prices of our products so that our customers can find it easy to decide on purchasing them	40(18)	99(44)	38(17)	25(11)	22(10)	54.24	0.005
We have all the contact details of our customers who come to buy	22(10)	29(13)	43(19)	103(46)	27(12)	47.88	0.005
We at times carry out impromptu surveys among our customers to find out how best to do business with them	9(4)	83(37)	13(6)	96(43)	22(10)	95.72	0.001

The findings presented in Table 1 reveals that several similar businesses were operating in the same area as indicated by 6% of the respondents who strongly agreed and 53% who agreed. According to 20% of the respondents, who strongly agreed and 29%. Also 22% of the respondents strongly agreed while 31% agreed that they always tried to find out the tactics their competitors were using to gain more customers. They also affirmed that they always prepare for new competitors in the area as indicated by 21% who strongly agreed and 29% who agreed. Most tried to learn more about the products or services being offered by their business competitors as suggested by 25% who strongly agreed and 33% who agreed. The respondents indicated that the quality of the goods they sell were sometimes different from those of their competitors as suggested by 16% who strongly agreed and 36% who agreed. When asked whether most of their competitors sometimes copy the way they serve their customers 6% strongly agreed and 49% agreed indicating that majority of respondents were of the view that competitors copied customer relations strategies from each other. It also emerged that sometimes competitors poached employees from other businesses who they believed could offer better services as indicated by 11% of the respondents who strongly agreed and 54% who agreed.

Further, the results indicate that 23% of the respondents strongly agreed and 43% agreed that most proprietors often aimed to get the best deal from their suppliers in terms of product quality and prices so they could give discounts. They were also of the view that the competition in the area had made their suppliers less willing to negotiate prices of products as indicated by that 20% of the respondents who strongly agreed and 38% who agreed. Majority, 70%, were of the opinion that the competition in the area had made their customers more willing to negotiate

prices of products as suggested by that 62% of the respondents who strongly agreed and 8% agreed. The customers always expected to be given discounts by the proprietors as indicated by 17% of the respondents who strongly agreed and 43% who agreed. The findings also indicate that majority of the proprietors felt that their competitors were often unwilling to assist even when it comes to sharing information as evidenced by that 35% of the respondents who strongly agreed and 29% who disagreed. 14% of the respondents who strongly agreed while 40% agreed that some of their competitors sometimes told their customers not to shop at other places. Some of the businesses proprietors even sometimes engaged in unethical competition practices as indicated by 11% of the respondents who strongly agreed and 38% who agreed. Majority (58%) also disagreed with the notion that their competitors were very difficult to work with.

Regression Results

The regression model for all the variables is presented in Table

Table 2: Competitor Behavior Analysis on Sales performance of Trading Enterprises

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	4.954	2.372		2.088	0.037
New potential entrants	0.21	0.219	0.199	1.781	0.075
Substitute product	-0.242	0.18	-0.144	-1.345	0.179
Bargaining power of suppliers & buyers	0.448	0.183	0.309	2.452	0.014
Rivalry Among Competitors	0.209	0.159	0.251	2.314	0.021
R Squared		0.542			
Adjusted R Square		0.517			
F-Statistic (df, n)	(4, 224)	21.902			

Table 2 shows that the constant coefficient was significant at 4.954; $t = 2.088 \pm 1.96$, and P value = $0.037 \leq p = 0.05$, indicating that the predictor variables are significant and jointly explain the variations in the dependent variable. It can be deduced further from the findings that the model could explain up to 51.7% of the variation in the dependent variable on the basis of the adjusted R^2 while the rest are explained by other factors not included in the model. The F statistic was 21.9 and $p < .05$, further, suggests that the independent variables are jointly significant in explaining variations in the dependent variable. The results also indicate that the beta coefficient of Bargaining power of suppliers & buyers was positive and statistically significant at ($\beta = 0.448$; $t = 2.452$; $P < .05$) and the coefficient of Rivalry among competitors also positive and significant

at ($\beta = 0.209$; $t = 2.314$; $P < .05$). However, the coefficient of New potential entrants in the model was not statistically significant ($\beta = 0.210$; $t = 1.781$; $P > .05$), also the coefficient of Substitute products was not statistically significant ($\beta = -0.242$; $t = -1.345$; $P > .05$).

Discussion

From the results, it is evident that the businesses surveyed were often under threat from new entrants into the market. According to Eskandari et al., (2015), the entry of new competitors could be a serious threat for business. If the new entrants have strong financial backing and support from the government, can have a significant role to domestic competitors and day to day, increase their sales and profits. The findings also revealed that the new businesses often tended to pursue businesses similar to theirs resulting in high competition in their areas of operation. 70% of the business people agreed that they always tried to find out the tactics their competitors were using to gain more customers and always prepared for new competitors in the area. These findings agree with O'Dwyer and Ledwith (2010) who found that small businesses were moving away from the traditional approach where SME owner/managers may not have focused on competitor identification; instead, they would tend to rely on their proximity to customers to enable them to deliver satisfaction to their target markets.

However, as explained by Meutia and Ismail (2012), failure to identify competitors results in SMEs being unaware of the extent and impact of the networks, competencies and experiential learning of competitor SME and how knowledge of competing companies might aid competitive advantage. This negates Michael Porters Diamond model of Rivalry among competitors and the role of substitutes in the marketplace. It also emerged that most businesses tried to learn more about the products or services being offered by their business competitors. The respondents indicated that the quality of the goods they sell were sometimes different from those of their competitors. This is in agreement with Hana (2013) who found that the identification of competitors enables SMEs to compare information about core skills and resources in their competitive landscape, facilitating competitive positioning based on complex innovation, marketing differentiation, product/service range, market scope, cost control and leadership, quality, production capability, competitive pricing, and differentiated benefits.

When asked whether most of their competitors sometimes copy the way they serve their customers 55% agreed indicating that majority of business competitors copied customer relations strategies from each other. It also emerged that sometimes competitors poached employees from other businesses who they believed could offer better services. These findings support those of Eskandari et al., (2015) who established that most business proprietors know, roughly equally, threat of the buyers and the substitute goods. However, if carefully paid attention to this issue, it

can be perceived a little more important, threat of buyers. Because buyers can cooperate with other competitors, if they aren't satisfied from specific products or the more profit with buying of another product and by informing and advertising on anti-business, reduce the firm's sales.

Further, the results it was evident that 66% of proprietors often aimed to get the best deal from their suppliers in terms of product quality and prices so they could give discounts. They were also of the view that the competition in the area had made their suppliers less willing to negotiate prices of products. Of the business people were of the opinion that the competition in the area had made their customers more willing to negotiate prices of products. The customers always expected to be given discounts by the proprietors. These findings agree with Öney-Yazıcı and Acar (2010) who argued that when the small businesses have a contractual relationship with their clients the characteristics and the price of the product are determined before as a part of the agreement. The clients have relatively a higher bargaining power in this case, as they directly specify their demands associated with the product. The cost of switching from one business to another is low for clients in both cases, as many businesses operate in the same market. Theoretically, the bargaining power of clients should be higher in contractual relationships, as it is negatively associated with the switching cost. Sexton and Barrett (2003) also argued that vulnerability to market amplifies the need for careful positioning in markets and development of strong personal client relationships.

It is evident that there was considerable industry rivalry among the trading enterprises in the three counties. This was evidenced by the observation that majority of the proprietors saying that their competitors were often unwilling to assist even when it comes to sharing information. The competition even led to some of the business' proprietors engaging sometimes in unethical competition practices such as openly displaying their rivalry to their customers by telling them not to shop at other places (their competitors' premises). According to Jaspers (2019), unfair competition against smaller businesses causes severe devastation to the owner and company when facing a larger corporation or a non-profit organization. The behavior and activities that these other entities engage in may cripple the small business and take away entire revenue's streams to the point that the company breaks. Unfair competition usually occurs through false information about a company, advertising that draws attention away from a business or attracting the customers of a specific entity to the other. According to Bălăsoiu (2015), smaller businesses affected in similar manners have contemplated closing down from these actions. However, this was mostly reported in Kitui and Nakuru counties. In Nyandarua county, the social structure of the businesses there encouraged cooperation than rivalry. These results agree with Akdogan and Cingoz (2012) who found that most of the firms want to collaborate with competitors, though,

they will prefer to collaborate with the other competitors except the main one. SMEs that participated in survey have a positive attitude toward cooperation strategy.

The observation that competitor behavior could not hold in the model could be attributed to the cooperation behavioral trends among the businesses. Co-operation describes a business situation in which independent parties co-operate with one another and co-ordinate their activities, by collaborating to achieve mutual goals, but at the same time competing with each other as well as with other firms (Czakon & Rogalski, 2014). In Nakuru County considerable cooperation among similar businesses was observed while in Nyandarua County businesses were observed not to be actively competing. They tended to trust each other for mutual benefits. The findings agree with Akdogan and Cingoz (2012) whose study findings revealed that SMES in the study area had a positive attitude related with the cooperation strategy and fundamentally viewed collaboration with their competitors, positively. Trust and commitment were seen as the most important factor in relationship with competitors.

Conclusions

Based on the regression analysis, the study concludes that Competitor behavior had no statistically significant effect on the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. Despite the entrance of new competitors, the businesses were engaged in cooperation and others were operated more like social enterprises meant to serve specific community interests. However, the entrance of new competitors in Nakuru and Nyandarua Counties was countered by some form of cooperation. This helped them get referrals from the businesses competing with them especially if they lacked an item. The effect of differentiation was negated by imitation. Further, the inflexibility of suppliers over prices was compounded customers more willing to negotiate prices of products. Similar types businesses were emerging mostly in Nakuru and Kitui leading to high competition among the same types of businesses. The competitors had formed associations and helping groups in case of emergencies like burial and court cases to assist each other. Despite the cooperation that existed at the particular business level, there was considerable imitation of service strategies among businesses leading to loop in competitive edge for the businesses. The businesses compensated stiff competition through differentiation and product innovation where possible.

The businesses also sought to obtain the best deal from their suppliers in terms of product quality and prices to enable them give discounts. However, suppliers were taking advantage of the competition in the areas to be inflexible over the prices of products while on the other hand the competition had made customers more willing to negotiate prices of products. Whether prices were indicated on an item, customers had to negotiate as a norm within this small-scale outlet. Most customers were often expecting discounts. Adverse forms of competition were, however, observed in Kitui County where competitors sometimes discouraged their customers from shopping elsewhere and were generally difficult to work with. Competitor behavior was found to have no statistically significant effect on the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. This was largely attributed to the idea of

coopetition. Behind the ostensible competition among the traders, there was great unity and informal merry go rounds to assist members. In Nakuru, it was observed that the traders would send one big order to suppliers and use one transporter to get goods from Nairobi. The bulk would later be broken down to the different outlets. The coopetition was also observed towards aggression against county government laws and actions that were unfavorable to the traders. A gang like aggression would push external interference away. This included fighting bigger corporates who would try to compete with the members.

Recommendations

Despite the fact that competitor behavior was not significant in the study, the study recommends that the dimension of coopetition be reviewed as without meaningful competition, the businesses will lose their competitive edge and their service and product offerings may not be able to meet the ever-evolving market demands. While coopetition is good when dealing with the greater good especially in negotiating for quantity discounts and demanding services from the county governments, it affects businesses in getting a cutting edge over the rivals.

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