DIFFERENTIATION STRATEGIES AND THEIR EFFECT ON SALES PERFORMANCE OF SUPERMARKETS IN KENYA: A CASE OF NAIVAS SUPERMARKET

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A RESEARCH THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE IN BUSINESS MANAGEMENT (STRATEGIC MANAGEMENT OPTION) OF MAASAI MARA UNIVERSITY

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DECLARATION

I declare that this research thesis is my original work and has not been presented at Maasai Mara University or any other learning institution for examination purposes.

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DEDICATION

I dedicate this thesis to my husband, Paul Muriuki and my children, Noel, Hazel and Liam.

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ABSTRACT

Competition among firms intensifies due to various organizational and environmental factors, including globalization, deregulation, and emerging technologies. These factors are a fast-changing environment that creates high levels of uncertainty in the business environment and makes companies change their positions to achieve competitive advantage. Nonetheless, Naivas supermarket continues to record increased growth and expansion in the Kenyan retail market, positioning it among the most dominant supermarkets in this sub-sector. This study aimed to evaluate the impact of differentiation strategies on the sales performance of Naivas supermarket, focusing specifically on three key strategies: image differentiation, service differentiation, and relationship differentiation, which is discussed as a form of market segmentation below. It was administered to two hundred and four senior and mid-management employees of Naivas supermarket head office. Since it was a study with a small population, the researcher had to use the census to do the sampling. The study employed the quantitative research method. Descriptive analysis was used to describe the collected data while analyzing the research data. Correlation analysis was employed to assess the hypothesis that an intimate relationship between differentiation strategies and sales performance exists. Simple and multiple logistic regression tests were applied to analyze each of the strategies as well as the differences in strategic joint combination. The results revealed that they have a positive impact with image differentiation ($R^2 = 0.4746$), service differentiation ($R^2 = 0.3376$), and relationship differentiation ($R^2 = 0.3306$), which explains the variations with regard to sales performance. These strategies had a high predictive accuracy of sales performance outcomes with $R^2 = 0.649$. Therefore, the study found that the above differentiation strategies are crucial in augmenting the sales performance of Naivas supermarket, causing a competitive edge in the marketplace. The research suggests that retail stores implement these differentiation strategies to enhance their general sales performance and satisfy consumers' new requirements in the context of increased competition. Future research should extend the range of differentiation strategies under consideration and study factors that might influence the sales performance in a more significant number of supermarkets in Kenya.

Key Words: Differentiation strategies, image differentiation, service differentiation, relationship differentiation, sales performance, and Naivas supermarket.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

ATM: Automated Teller Machine

GDP: Gross Domestic Product

KMO: Kaiser-Meyer-Olkin

RBT: Resource-Based Theory

RBV: Resource Based View

ROA: Return on Assets

ROI: Return on Investment

SIM: Strategic Issue Management

SPSS: Statistical Package for Social Science

USA: United States of America

VIF: Vector Inflation Factor

VRIN: Valuable, Rare, Inimitable, Non-substitutable

OPERATIONAL DEFINITION OF TERMS

Competitive Advantage: Competitive advantage is the ability of the firm to avail organizational resources to meet customers' needs, wants, and demands compared to rival firms.

Differentiation: Advertising may be defined as promoting one product or service to contrast with other products and services.

Differentiation Strategy: A business plan designed to position a firm's products or services to make them appear more valuable than a rival's products or services and make customers prefer the firm's products or services.

Image Differentiation: This uses several differentiation strategies at one time. It just means to create a new image for a well-established brand.

Relationship Differentiation: Building a novel customer, supplier, government, and employee relationship.

Service Differentiation: A differentiation strategy with after-sales services, retailers' brand products, service quality, incentives, and working hours.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Differentiation in business refers to marketing a detailed product or service to make it stand out in contradiction of other products or facilities (Kadenyeka & Washika, 2023). This includes Market positioning, which entails defining a product or service against competitors' offerings or a firm's portfolio. As described by Omanwa (2020), distinctive marketing competencies are skills that companies can build as the foundation for a competitive edge against competitors. Therefore, this implies that a differentiation strategy can present a certain competitive edge to a firm, resulting in better sales performances.Organizations face relentless competition in today's dynamic business landscape as they vie for customer attention, market dominance, and financial success (Musyoka, 2023). The global marketplace, characterized by fierce competition, has undergone significant technological transformations, driving customer expectations towards higher product quality at more competitive prices (Arasa & Achuora, 2020).

Moreover, globalization has accelerated product life cycles, prompting businesses to prioritize competencies and cultivate competitive advantages. According to Kanano & Wanjira (2021), while enterprises pursue various objectives, achieving competitive advantage and outperforming competitors are paramount goals. Consequently, organizations increasingly focus on strategies to capture market share and enhance performance relative to industry rivals. This strategic orientation reflects a fundamental shift in business paradigms, where sustained success hinges on effectively differentiating products, services, and operational capabilities (Kadenyeka & Washika, 2023). By aligning with customer needs, leveraging technological advancements, and fostering a culture of innovation, companies strive to carve out distinctive positions in highly competitive markets, ultimately driving growth and profitability.

As famously noted by Porter (1980), competition is not merely an incident or unfortunate circumstance but a dynamic force that drives industry progress and innovation. While competition can be intense, it catalyzes market liberalization and economic advancement. In today's modern economy, the retail sector, which includes supermarkets, is a vital indicator of economic growth (Omanwa, 2020). Competitive strategies encompass a broad range of initiatives and maneuvers deployed by firms to attract customers and fortify their market positions against rivals (Musyoka, 2023). In the context of the retail sector, mainly supermarkets, these strategies manifest in various forms, including product displays, packaging innovations, extended operating hours, promotional efforts such as loyalty programs, and enhancing accessibility and proximity to customers. Companies that embrace and effectively implement competitive strategies position themselves for superior market performance relative to their competitors, thereby ensuring sustained growth and profitability in the long term (Musyoka, 2023). As such, competition in the retail landscape fosters a vibrant marketplace and drives continuous improvement and innovation, ultimately benefiting consumers and businesses.

1.1.1 Global Perspective of Differentiation Strategy and Sales Performance

According to Ngana (2022), in the history of the USA, several formerly large retailers have degenerated significantly or even diminished from the market. Similarly to some previous authors, Bates et al. (2014) pin services as the key factor, while they also stress that size is not an issue in the long run. Richard, Straub, and Aragon (2017) also mention that size has not delivered frugality of scale aids to consumers (in the case of concentrated small markets, such as Finland or Sweden). In developed economies, consumer's primary shopping locations may be large stores similar to supermarkets. In contrast, formats such as discount stores or kiosk types may be the trend in emerging economies. According to Simova, Clarke-Hill, and Robinson (2014) as well as Lorentz Ha¨kkinen (2015), in the context of the retail sector, demands and competitions and their relations to productivity measurement and productivity improvement models should be put into consideration, mainly because these factors are associated with the mentioned variables and often trigger a shift in productivity.

In America, it has been demonstrated that consumers select Supermarkets based on factors other than market price, like location, cleanness, service, or variety, and that retailers may employ all the above methods of non-price competition to engage in the local monopoly markets. They also noted that prices are usually compared more easily across brands at a store than across different stores of a retail chain, and this also usually leads to more localized brand competition (Hoskinson, 2016).

In increasingly competitive markets, differentiation is vital to any business (Ngana, 2022). It allows firms to distinguish themselves from other competitors and enhance its product or service. Being in a market with a measurable degree of product differentiation is far preferable to being stuck in a product category where product differentiation is out of the question Richard et al. (2017). Therefore, the question for any entrepreneur is how to stand out from the competition while remaining relevant to the right customers in the right market. Therefore, the standard differentiation strategies are as follows: Product differentiation and physical and service differentiation.

Grant (2010) describes Product differentiation using three parameters: Product Superiority, Product (variety in brands/sizes) and Product Quality. On the other hand, product superiority is where companies meet customers' claims for differentiation with the firm's capability to supply differentiation. Variety, therefore, refers to the total number of variants of a particular product launched at a specific time within a product line; variety between two products is achieved when the values of attributes for a particular good are made to differ from those of another. Finally, product quality is defined as meeting a customer's specific needs; a shift in product differentiation has been seen.

1.1.2 Regional Perspective of Differentiation Strategy and Sales Performance

According to Barone and DeCarlo (2014), retail directors in Nigeria are regularly confronted with the trial of making choices and taking agendas to please consumers' needs. Retaining store management is a highly complex life of operation. It includes both long-run and short-run operation, which offers strategic elements like the selection of the location of the store, the issues of the price, the merchandise and service characteristics inclusive of operational elements about the scheduling of staff members and organization of current routines, monitoring and an evaluation of current performance.

In Tanzania, it is seen that the extent of Product differentiation strategy significantly impacts Commercial banks' Sales performance (Hoskinson, 2016). According to Carpenter et al.(2015), for supermarket shoppers in Uganda who shop frequently, the supermarket ranked highest based on its cleanness, product varieties, price offer and density, and polite personnel. For infrequent shoppers, the attributes of facilities for parking cars and ease of access were the fourth and fifth heaviest priorities.

According to Brone and DeCarlo (2014), the Physical differentiation strategy is a place one is situated, its visibility and convenient, easily accessible location; the place of a business must have some space where clients could park their auto transport or has restrictions that only taxis operating from which non-mobile customers could get transport to their places of work quickly. He further says that supermarkets' design and display layout positively affect customers' attractiveness. Schneider and Bowen (2015) assert that service organizations must meet three key customer needs to deliver service excellence: security, esteem, and justice. These investigations indicate that organizational service quality, which is customer orientated, has been established to comprise the following service quality characteristics: Individual tangible, which include the facility, comfort of the hotel, instruments, and types of equipment, cleanliness of the personnel, time factors which include punctuality, convenience and the final, personal touch.

1.1.3 Local Perspective of Differentiation Strategy and Sales Performance

According to Nair and Shams (2021), in Kenya, the degree of customer traffic or cyclic spatial usage and, therefore, the performance of stores depends on the store attributes. Regarding store factors, the order of average correlations was established: product range, quality, store environment, low price, easy access, quick check out, easy and convenient operating hours, and easy and friendly facilities.

The intense competition within Kenya's retail sector presents a significant challenge for firms' strategic management. This competitive landscape is primarily driven by the relentless pursuit of increased sales turnover and customer satisfaction, as Ngana (2022) highlighted. To thrive in such a competitive market, firms, especially supermarkets, must have capable managers who can inspire their teams to pursue a vision conducive to optimal performance in the business environment. According to Gathiru et al. (2023), the absence of robust competitive strategies and a lack of obligation and ambition from workers and management makes attaining and nourishing business success daunting. Therefore, firms operating in this fiercely competitive market must prioritize developing and implementing effective strategies that address the challenges posed by competitors and foster a culture of innovation, excellence, and customer-centricity (Gitau et al., 2020). Only through strategic leadership, employee engagement, and a relentless focus on delivering value to customers can firms hope to navigate the complexities of Kenya's retail sector and emerge as leaders in the marketplace. This translated to the need for the current study to focus on the situation of Naivas supermarket as one of the growing supermarket businesses in the country.

1.1.4 Supermarkets' Performance

According to Richard et al. (2017) Supermarkets' performance encompasses three specific areas of firm outcomes: These are; profitability (profit, return on assets, return on investment), product-market bastion (sales, market share), and financial-bastion (total shareholder return, economic value added). For this reason, most firms regard mergers as among the first strategic tools for growth most of the time. Over the past years, many firms have tried to deal with organizational performance by employing the BSC method. In terms of organizational performance measurement, it includes operational excellence, customer focus, financial value to stockholders, keenness on innovation, corporate responsibilities, outreach, and lastly, employee commitment (Richard et al., 2017).

Supermarket performance encompasses the attainment of both internal and external objectives (Gitau et al. (2020). It is a multifaceted construct, often referred to by various names such as growth, survival, success, and competitiveness (Nair & Shams, 2021). The concept of performance is inherently multidimensional, reflecting the diverse goals and aspirations of organizations within the retail sector. Depending on their specific organizational objectives and strategic priorities, supermarkets may employ different methodologies to measure their performance effectively. For instance, some may focus on metrics related to revenue growth and market share expansion to gauge their success. In contrast, others may prioritize customer satisfaction, employee engagement, and sustainability practices (Nair & Shams, 2021).

By adopting tailored performance measurement approaches aligned with their unique goals, supermarkets can gain valuable insights into their operational effectiveness, identify areas for improvement, and enhance their overall competitiveness in the dynamic and highly competitive retail landscape (Rubio & Aragon, 2017). They may be a combination of financial or non-financial measures of performance. However, most firms prefer to benchmark their performance using economic indicators (Hoskinson, 2016). Return on assets (ROA), net profit after tax, and return on investment (ROI) are firms' most regularly employed financial measurements. However, it is essential to note that economic factors should not only measure the firm's performance. This must complement non-financial measurements to address the dynamicity of internal and external environments (Hussain & Ibrahim, 2020).

In line with this perspective, Rubio and Aragon (2017) proposed a comprehensive categorization of business performance into four distinct dimensions: In analyzing the organizational environment, we use internal process, open system, rational goal, and human relations. The changes reflected by the variables of each dimension form a complex evaluation structure suitable for measuring organizational effectiveness. The internal process dimension is concerned with ways and means of enhancing organizational activities' speed, accuracy, and productivity. The work environment dimension looks at how this system communicates with its outside world and responds to outside factors like the market and government. The strategic goal component of rationality examines the degree to which the organization achieves its strategic plans and goals and assesses factors related to the performance and accomplishment of goals. The last dimension, the human relations dimension, measures the performance of an organization concerning its stakeholders, employees, customers' loyalty, and duties with the society at large, as well as social responsibility programs (Hoskinson, 2016).

By considering performance across these diverse dimensions, establishments can gain a more nuanced empathy of their overall performance and identify areas for improvement across various facets of their operations and relationships. In this study, performance assessment was conducted through the lens of the balanced scorecard model proposed by Kaplan and Norton (2015), which encompasses financial and customer perspectives. By utilizing this comprehensive framework, the researchers aimed to gain a holistic understanding of organizational performance. Specifically, they focused on key performance indicators such as customer base, loyalty, and profitability to evaluate performance metrics.

1.2 Statement of the Problem

Competition among retail firms in Kenya is intensifying due to various organizational and ecological factors, including globalization, deregulation, and emerging technologies. The Kenyan retail industry has evolved over the years now; the following are some threats: operational costs have continued to rise, foreign supermarkets have intensified their entry into the market, inflation has been on the rise, consumers' purchasing power has significantly reduced, and in the process, firms have seen their product margins shrink.

These challenges have led to the closure and downsizing of prominent erstwhile Kenyan Supermarkets such as Uchumi, Nakumatt and Tuskys, which were once regarded as significant players in the industry. These supermarkets have faced operational difficulties that contributed to their decline, as evidenced by reports from various studies. For instance, Wambua (2019) highlights mismanagement and a failure to adapt to market changes as critical factors in closing these supermarkets. Despite these challenges, Naivas supermarket continues to exhibit remarkable growth and expansion in the Kenyan retail sector.

This success can be attributed to significant technological innovations and strategies that have distinguished Naivas from its competitors. The supermarket has undertaken rebranding efforts and has strategically positioned itself by leveraging unique image features and enhanced service offerings to improve performance. However, it remains unclear whether the differentiation strategies implemented by Naivas supermarket significantly influence its sales performance.

In addition, previous research on differentiation strategies and performance has not sufficiently explored how these strategies influence or are associated with sales performance, especially for supermarkets. For example, Islami (2020) analyzed the link between differentiation strategy and business performance of manufacturing firms in the European region, based on which the author argued that increased changes in customers' needs could reduce the relevance of dominant competitive forces. Nevertheless, the generalizability of the study to the retail sector remains questionable because the sample consisted of manufacturing firms only. Likewise, Kaluyu (2023) did not consider the retail environment when investigating service differentiation in public hospitals within Nairobi. In particular, research relative to differentiation strategy and its implications on the sales performance of supermarkets is insufficient to justify the need for research to identify Naivas supermarkets in Kenya. To answer this research question, this research shall examined the impact of differentiation strategy in enhancing the sales performance of Naivas supermarket to improve understanding of competition within the retail industry.

1.3 Research Objectives

The study will be guided by the following objectvies:

1.3.1 General Objective

The general objective of this study was to determine the effect of differentiation strategy on the sales performance of Naivas supermarket in Kenya.

1.3.2 Specific Objectives

The study specifically sought to:

i. Examine how image differentiation affects the sales performance of Naivas supermarket in Kenya.

ii. Analyze how service differentiation affects the sales performance of Naivas supermarket in Kenya.

iii. Evaluate the effect of relationship differentiation on the sales performance of Naivas supermarket in Kenya.

1.4 Research Hypotheses

H_{o1}: Image differentiation has no significant effect on the sales performance of Naivas supermarket in Kenya.

H_{o2}: There is no significant effect of service differentiation on the sales performance of Naivas supermarket in Kenya.

H_{o3}: There is no significant effect of relationship differentiation on the sales performance of Naivas supermarket in Kenya.

1.5 Significance of the Study

Understanding the effect of differentiation strategies on sales recital provides treasured perceptions for investors looking to allocate capital in the retail sector. They can make more informed investment decisions based on the potential for supermarkets to gain a competitive advantage and increase market share through effective differentiation strategies. Also, supermarket managers can utilize the findings of this study to refine their business strategies and optimize their approach to differentiation. By identifying which differentiation strategies are most effective in driving sales performance, managers can allocate resources more efficiently and enhance the overall profitability of their supermarkets.

Policymakers will benefit from understanding how differentiation strategies impact the sales performance of supermarkets within the context of broader economic policies. This knowledge can inform policies related to competition regulation, consumer protection, and market dynamics, ultimately contributing to developing a more competitive and sustainable retail sector. Regulators tasked with overseeing the retail industry will use the insights from this study to evaluate the competitiveness of supermarket markets and assess the potential impact of different regulatory interventions. By understanding how differentiation strategies influence sales performance, regulators can make more informed decisions about market structure, anti-trust measures, and consumer welfare.

For scholars and researchers, studying the effects of differentiation strategies on supermarket sales performance contributes to the academic understanding of marketing and strategic management principles. It provides opportunities for further research and exploration into how differentiation strategies influence consumer behavior, market dynamics, and firm performance. Additionally, it can inspire future studies on the intersection of strategy, innovation, and competitive advantage in the retail industry.

1.6 Scope of the Study

Based on the study's objective, the target population was senior staff and mid-level managers at the head office of Naivas supermarket because they formed a strategic component to offer relevant information on their firm's performance. The decision to use Naivas for this analysis was informed by their growth and stability in the Kenyan retail market segment, as well as problems faced by other real, local competitors such as Uchumi, Nakumatt and Tuskys. The study employed a reflective research approach to establish the relationship between differentiation strategies and sales performance, particularly focusing on service, image, and relationship differentiation. This restricted focus yielded detailed apprehension of how these strategies furnished Naivas' point of sale, which provided precise guidance for future strategies applicable to Naivas and other retailing organisms in analogous settings.

1.7 Delimitation of Study

The study encountered challenges in accurately defining and measuring differentiation strategies and sales performance metrics. However, the limitation was overcome by defining and operationalizing key variables, such as differentiation strategies and sales performance metrics.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter also offers a literature review and is part of the methodological section of the manuscript. This chapter includes a theoretically imposed review, a proposed conceptual framework, an empirical analysis, and a brief review of the proposed research gap.

2.2 Theoretical Review

A theoretical review evaluates data in central concepts that afford specific approaches to the topic. The study reviewed the following theories: resource-based theory, contingency theory, and differentiation theory. Based on the outlined theories, differentiation theory was the most relevant theory fit for the study.

2.2.1 Resource Based Theory

Resource-Based Theory (RBT), developed by Edith Penrose in the period before 1960 and popularised during the 1980s by Wernerfelt (2016), claims that a firm's recital is partially or wholly defined by the resources and capabilities that the firm possesses. Under this theory, resources are resource inconsistent across industries and force organizations into examining their capabilities and vulnerabilities and develop strategies for overcoming or bettering their competitors depending on their resources assets (Peteraf & Barney, 2013; Wernerfelt, 2016). In essence, firms can pursue differentiation to evade direct competition, creating distinctive value propositions by developing unique operational systems, such as optimizing size, expanding locations, or streamlining product lines.

Several studies have substantiated these arguments. For instance, customers are often willing to pay premium prices for enhanced convenience (Heine et al., 2003). In the context of Naivas supermarket, the firm has effectively leveraged image differentiation by establishing itself as a provider of affordable products in convenient locations, thereby enhancing customer relationships through exceptional service and after-sale support. Moreover, the evolving market landscape necessitates firms to form strategic alliances and engage in inter-organizational relationships to maintain competitiveness (Achrol & Kotler, 2015). Forsgren (2018) emphasizes the significance of business relationships, stating that each subsidiary operates within distinct networks that influence its performance, highlighting the critical nature of these interdependencies.

Despite its merits, Resource-Based Theory has been critiqued for several reasons. Hafiz et al. (2020) identify a lack of clear guidelines for identifying and categorizing resources, making it difficult to ascertain which resources qualify as valuable, rare, inimitable, or non-substitutable (VRIN). Chand and Tarei (2021) further point out that the subjective nature of resource categorization can hinder empirical analysis. Additionally, RBT prioritizes internal resources and capabilities while neglecting external factors, such as industry dynamics and macroeconomic trends, which are essential in today's interconnected business environment (Varadarajan, 2023). The dynamic nature of resources is also a limitation; while RBT acknowledges the potential for resource development, it may underestimate competitors' abilities to replicate valuable assets quickly (Utami & Alamanos, 2021). Furthermore, the theory's focus on static resource endowments overlooks the importance of organizational processes and routines in effectively leveraging resources for competitive advantage.

This Resource-Based Theory was particularly relevant to the study of Naivas supermarket and its image differentiation strategies, as it offered a framework for understanding how the supermarket's unique resources contribute to its sales performance. By examining how Naivas has positioned itself within the Kenyan retail landscape through strategic resource management—mainly focusing on creating a solid brand image and exceptional customer service—the study can elucidate how image differentiation affects sales performance. This research sought to extend the application of RBT by analyzing its implications in the retail sector, specifically regarding Naivas supermarket's efforts to enhance customer loyalty and drive sales through effective differentiation strategies.

2.2.2 Contingency Theory

Contingency theory has been recognized as a significant framework in strategy and organizational studies, and it has been particularly influential in strategic management (Hofer, 2011; Khairuddin, 2015). This theory suggests that the effectiveness of an organization's structure is contingent upon its specific circumstances, such as its size and strategy. Donaldson (2011) argues that changes in these contingencies can render a structure unsuitable, leading to decreased performance. Therefore, adjustments to the organizational structure are necessary to achieve a fit that enhances performance. Research on contingency factors and organizational structure has given rise to what is known as structural contingency theory. Furthermore, Miller (2012) asserts that differentiation strategies are likelier to foster bearable competitive advantages in active environments, whereas cost leadership is more effective in stable conditions. Consequently, industry conditions significantly influence the effectiveness of a chosen strategy, necessitating periodic re-evaluation and adjustment based on environmental changes (Gilbert & Strebel, 2007). The relevance of this theory lies in its focus on how shifts in strategy and external factors can impact an organization's performance.

Despite its contributions, Contingency Theory has limitations that warrant attention. One notable criticism is the complexity and ambiguity of identifying the most relevant contingency factors for specific situations (Gürlek & Cemberci, 2020). The theory posits no one-size-fits-all management tactic; instead, the ideal approach depends on various situational variables. However, determining which factors are pertinent and how they interact can be challenging, leading to subjective decision-making. Additionally, the theory lacks clear guidelines on diagnosing and assessing these factors in practice (Headly et al., 2021). Effectively identifying and understanding the impact of contingency variables requires a comprehensive understanding of an organization's unique context, which can be particularly difficult in dynamic and complex environments.

Another limitation is the risk of oversimplification and generalization. Contingency Theory directly correlates specific situational factors and effective management strategies (Lartey, 2020). However, real-world organizational contexts are often multifaceted, making applying a straightforward contingency framework to complex situations impractical. The theory also tends to neglect the influence of organizational culture and leadership on outcomes. While external contingencies are essential, internal factors such as culture, leadership style, and employee attitudes significantly shape organizational effectiveness (Csaszar & Ostler, 2020). Furthermore, Contingency Theory may face limitations in applicability across diverse cultural and institutional contexts, as the success of contingency-based management strategies can vary based on cultural norms and industry-specific factors (Sunder & Prashar, 2020). Thus, while Contingency Theory provides a valuable framework for understanding organizational dynamics, its limitations highlight the necessity of a more holistic approach to management, particularly regarding differentiation strategies.This theory is particularly relevant to the study of Naivas supermarket, as it facilitated an examination of how service differentiation impacts sales performance. By recognizing the influence of external factors and strategic choices on organizational performance, this research can explore how Naivas supermarket adapts its service offerings to meet changing customer expectations and market dynamics. This alignment of service differentiation with environmental contingencies is essential for the supermarket's sustained competitive advantage in the Kenyan retail sector.

2.2.3 Differentiation Theory

According to the Differentiation Theory advanced by Michael Porter, a company's capability to endure a competitive position depends on the ability to accomplish factors in a preventive measure depending on the strengths and drawbacks of the organization (Thompson & Frank, 2014). As indicated by Awino et al. (2021), this theory puts a lot of value on product differentiation to underpin and design competitive strategies. The writer Kamau (2013) pointed out that a differentiation strategy entails developing or providing new products and or services. Porter (1990) identified several forms of differentiation, including product physical; in product differentiation, firms can differentiate themselves regarding the quality of products, choice, variety, placement of products, and variety. The second process is known as physical differentiation, in which stores distinguish themselves based on location, physical layout, and image. Finally, service differentiation concerns after-sales services, retailer-owned brands, the quality of service provided, incentives offered, and working hours. All of them are designed to enhance sales and gain a viable edge in the marketplace.

Research supports the argument that successful differentiation can yield substantial benefits. According to Anyim (2012), an advantage is sustainable only if contestants cannot easily replicate a firm's superior product attributes or service delivery. Thompson et al. (2014) note that effective differentiation manifests in three ways: commanding a premium price for products, attracting additional customers due to unique features, and fostering brand loyalty among buyers. Zaribaf (2008) further emphasizes the role of pricing within the marketing mix, stating that while price generates income, the other elements—product, distribution channels, and promotion—incur costs. In international markets, effective pricing strategies are crucial for generating revenue and ensuring a company's survival (Yaprak, 2001). Nevertheless, it was observed that certain scholars have paid little attention to international and export pricing issues, though pricing is a critical element of differentiation strategies (Aulakh & Kotabe, 1993). This theory is instrumental to the proposed study, for it zeroes in on differentiation initiatives—usually image, service, and relationship differentiation—and their effects on the sales outcomes of Naivas supermarket. These differentiation variables are the independent variables by which the supermarket's sales performance will be evaluated.

However, Differentiation Theory is not without its criticisms and limitations. One significant drawback is that successful differentiation often requires substantial research, development, and marketing investment, which may not be feasible for smaller firms with limited resources. Additionally, maintaining differentiation over time can be challenging, as competitors may swiftly replicate successful strategies or introduce innovative alternatives, eroding the initial competitive advantage (Liu, 2020). Moreover, the effectiveness of differentiation strategies can vary across industries and market segments; what proves successful for one firm in a specific context may not yield similar outcomes for another (Buengeler & Locklear, 2021). This variability underlines the importance of the situation in the applicability of differentiation strategies. Furthermore, consumer preferences constantly evolve, complicating firms' ability to predict and adapt effectively to changing demands.

Another notable limitation of differentiation strategies is the risk of overemphasizing product features that may not resonate with customers or justify the premium prices associated with differentiated offerings (Buengeler & Locklear, 2021). Such mismatches between customer expectations and actual product value can lead to dissatisfaction and a subsequent loss of market share. Additionally, the sustainability of differentiation strategies relies on continuous innovation; without ongoing investments in research and development and a keen understanding of customer needs, firms risk stagnation and potential loss of their competitive edge (Shirowzhan et al., 2020). Therefore, while differentiation can be a potent strategy for success in competitive markets, firms must carefully navigate their limitations and develop strategies to address the accompanying challenges.

In evaluating the result of relationship differentiation on the sales recital of Naivas supermarket in Kenya, Differentiation Theory was mainly related as this study assessed how personalized customer interactions, loyalty programs, and community engagement strategies enhance customer satisfaction and drive sales. Understanding the nuances of relationship differentiation provided insights into how Naivas supermarket can leverage these strategies to foster deeper customer connections, ultimately leading to improved sales performance.

2.3 Conceptual Framework

A conceptual review of each independent and dependent variable is obtainable in sections 2.3.1 to 2.3.4.

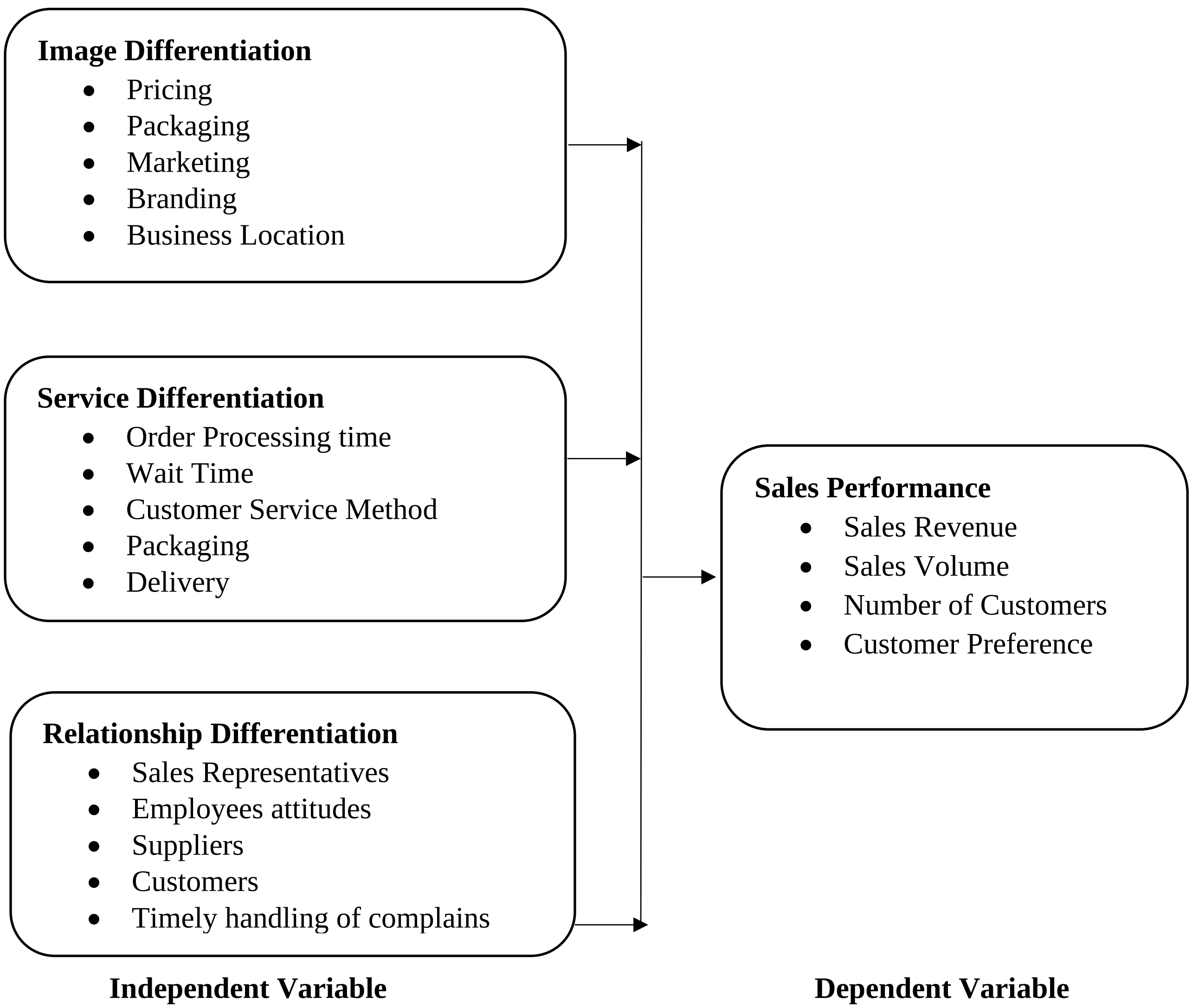

Figure 2.1: Conceptual Framework

Source (Author, 2023)

2.3.1 Image Differentiation and Sales Performance

Khairuddin, in his 2015 write-up, defined image differentiation as the multiple differentiation strategies rolled into one. It just means innovating a well-known brand image, is all. Based on the information above, a firm must manage prices, promotional messages, contact with customers, and business location to create a new brand image. For Instance, a search engine website, Google embraced image differentiation at one point. This rebranding positively changes the user and advertiser experience as a whole. According to Hofer (2011), Organizations that have managed to build a positive brand image, that is, charge affordable prices for similar goods, have good customer experience and excellent marking strategies, experience increased sales volume as there is prestige on the part of consumers when they are associated with the brand.

Image differentiation strategy can also be emphasized by defining a business's place; it must be seen, easily accessible, and properly located. The business premise should have a car park lot where clients park their vehicles or a restricted one in which only taxi operators are allowed to drop off their Mobile customers who are physically unable to access such services from the business premise should be in a position to obtain transport means to their respective regions from here. A business location should be decided beforehand; ideally, it should be as close as possible to the customer's traffic (Barone & DeCarlo, 2013). Dependence on an existing location directly impacted other strategies, including targeting, place, and product. If a firm is near the customers or in its convenient access realm, it may enjoy image differentiation compared to the other firms. Other physical differentiation strategies include a convenient parking space. Many people would like a location where they can park their cars and walk into the supermarket. According to Barone and DeCarlo (2013), location is one of the critical factors that customers consider when choosing a supermarket. Every other aspect of a retail premise is flexible, which means merchandise, price, people, and structures. However, location cannot be a flexibility issue because it will cost an arm and leg to change the location.

2.3.2 Service Differentiation and Sales Performance

According to Achrol and Kotler's (2015) post, while MICs engage in service differentiation, this leads to unusual customer service. The saying in every company situation is “the customer is the king.” Customer service has become very different; People expect you to provide flawless service without wasting time. It may also come as a surprise that there are so many that we can define as involved in serving your customers or the order processing time together with customer relations. Thanks to Barney (2015), the author can say that McDonald’s is a perfect example of service differentiation. The guidelines serve the same function in all the outlets except for a few. Their service specialization is “Quality Consistency.” Foods are there, whether in New York or Banglore, and the look and taste of the food are identical. For instance, their French fries should have the correct quantity of salt, the right size, and be fresh. According to Miller (2012), shorter order processing time and excellent customer service are ingredients to increase sales volume as consumers will always be satisfied by the services and will always show up again because of the incredible services. Also, excellent service differentiation helps organizations serve more clients because of the efficiency of service differentiation.

Hernant et al (2007) assert that service organizations must meet three key customer needs to deliver service excellence: Cleanliness, order, discipline, and justice. According to

Fornell (1992), customer satisfaction refers to affective-cognitive response. It might be defined as an evaluation of a customer's adventure in consuming a given product or service. As a result, many authors have proposed understanding customer satisfaction: service guarantee, quality of service, reliability, physical environment, international components, and customer satisfaction. Out of the two areas of customer relation outlined above, the following would assist in creating an expectation in a customer’s mind of some things: Any addition to this expectation is customer satisfaction. Zeithaml (2000) pointed out some signals of the relationship between PSM and profit in another empirical work. The study also revealed expectations and perceptions, satisfaction, and loyalty toward service quality of a local Malaysian bank has been pinpointed by Bates et al. Therefore, the analysis verified the hypotheses of service quality, customer satisfaction, service quality, and loyalty. Some aspects one can classify as good customer service in Spain include a list of branches and ATMs provided by branch employees, short waiting times for clients at these branches, and ATMs. The Dutch firms know that their reaction to customers’ needs, the time it takes to rebid a customer’s call, and the complaining process are still wanting (King, 2005). A particular and vital concept towards service differences is supermarkets' customer incentive programs to attract customers through free samples, coupons, sales promotions, and volume discounts.

2.3.3 Relationship Differentiation and Sales Performance

Donaldson (2011) believes marketers can best differentiate themselves from competitors by developing excellent customer relationships. In a relationship differentiation strategy, a company can have good relations with sales representatives and employees and, on the other hand, with technical representatives. According to Thanimlaksana (2010), excellent relationships with employees motivate them to work harder and increase sales volume by serving more clients. According to Barney (2015), companies with beautiful relationships with suppliers get adequate supplies and increased sales as consumers get all they need under one roof. An exceptional relationship with customers creates customer loyalty where the customer keeps returning to shop, building and retaining the customer base, which translates to increased sales revenue (Hofer, 2011).

The role of connection differentiation in sales recital is critical. Some factors considered necessary are good service from staff, staff serving customers carefully and enthusiastically, and competent staffing. Others are product performance knowledge, product specification knowledge, and self-expression. Other aspects are the nature of details that customers require and the stimuli that a Salesperson provides in buyers' queries that compel a buying decision. As can be seen, staff attributes are also vital in issues related to sales performance. Thanimlaksana (2010) attempted to analyze the varied nature of relationship characteristics and their impact on the commercial bank's performance. To show how the relationship attributes influence performance, the study utilized a Likert scale with responses ''Strongly Disagree'' with a value of 1 and ''Strongly agree'' with a value of 5. Other aspects captured are the excellent perception of services offered by bank staff (mean 3.74), the staff displaying care and enthusiasm in handling customers (mean 3.74), and an adequate number of staff (mean 3.59).

2.3.4 Sales Performance

As defined by Hofer (2011), the measure of sales activities as a sales team's capability is Sales performance, which is the ability to achieve sales targets. This includes quantitative sales performance metrics such as sales revenue/turnover. Turnover is the total sales or gross revenue the company realized during the period. A higher turnover means a volume of sales increases because of increased quantity or price. Their sales increase because more of the firm’s products are bought, which is the company's growth. Sales performance can also be measured using number of customers and customer preference. This study utilized sales revenue, sales volume, number of customers, and customer preference to measure the sale performance of Naivas supermarket in Kenya.

2.4 Empirical Review

Several empirical research studies have been produced concerning differentiation and sales performance. Another scholar who sought to dissect competitive strategies related to Mumias was Jowi (2006), who examined the company's focus on sugar production. Therefore, the following were the objectives of this study: To identify how strategies were formulated in the Mumias Sugar Company. For example, cost leadership is said to rest on scale economies in the form of large capacities, cost, and overhead control, systematic cost reduction influenced by the learning curve, and, finally, on the application of economies of scale to other variable costs such as R & D, promotion or advertising. The requirements for a cost leadership strategy include sufficient financial capital, skill in process engineering, high labor supervision, and low-cost distribution capability. The research was carried out in manufacturing industries, making it extremely difficult to generalize the results to the service sector and supermarkets.

Ofunya (2013) studied the following linkages between the deliberate organizational performance and the organizational performance of the Post Bank in Kenya. This created research design was a Descriptive type. The study used primary data. Some of the strategies that the study identified as the ones used by the Post bank to deal with the demanding competition environment included the Importance of cost-cutting, human customer service, and enhanced operation efficiency, among others. The study was conducted among public institutions alone; therefore, the outcomes of this study cannot be generalized to the private part since the private sector has different objectives and structures.

The study under consideration by Mwangi (2013) aims to identify critical SAMPs in large pharmaceutical organizations of Lime 10 firms in Kenya. In the study, the survey design was reciprocated. The study used primary data. According to the study results, organizations with strategic management practices were the most prepared for change and risks and were more forceful than competitors. The study was carried out on strategic management in general, so specific research on differentiation strategy was required to provide the answer.

Hansen and Wernerfelt (2007) conducted a study to find empirical evidence supporting the hypothesis that measured economic and organizational factors are performance determinants— the target population of this research includes 60 senior managers from cross-section industries in the USA. Quantitative data was analyzed through frequency tables and correlation matrix regimes. Baykal and Delagarde (2011) used interviews in their case study in the study of differentiation at the Zara Company in France. The data collected was also processed using differential statistic methods for analysis. He, Anders, and Lars researched European manufacturing firms in 2011 to identify their differentiation strategy and Business performance. He chose 332 companies and confirmed factor investigation operational equation within the framework of the AMOS 7.0 program.

Farshid and Amir (2012), having examined the relationship between the marketing mix and market share, had further aimed to identify the factors affecting the polymer sheet manufacturing firms operating in Iran. This type of survey targeted 95 firms involved in manufacturing polymer sheets. The relationships between the marketing strategies and the market share were assessed using the one-sample T-test. In the 2013 establishment of Shafiwu and Mohammed, the study aimed to look at product differentiation in relation to profitability in the petroleum industry in Ghana. The study was a case study outside the Kenyan region and used a correlation research method.

Yebei (2012), while administering the SIM performed on the sixty-seven registered tea-distributing firms in Kenya, made a distinction between essentials by using the Chi-square test, he explained. Two concepts incorporated into the present work are strategic issue management and business environment. Population Here was defined by Anyim (2012) when he intended to assess the level of service differentiation in private hospitals in Nairobi and interviewed only 30 among 64 existing private hospitals. The quantitative data was analyzed using relative frequency and statistical computation. Employing the competitiveness of nations theory developed by Porter (1998), this study analyzed the competitiveness of the Kenyan tea industry using data from sixty-seven registered tea exporting firms. In this research, she surveyed tea distribution firms in Mombasa and used only evocative results to explain the data.

Muthoka (2012) conducted a detailed analysis of response strategies toward competition among horticultural export firms. The target population of this study was constituted of the 36 most prominent horticultural exporting firms based in Kenya. The critical notions used in his research are generic: The first is identifying the selected strategy and the organization's environment and competition. The approaches used to analyze data collected from the participants are outlined in Appendix 5. The study used primary data. The study findings confirmed that among all the competitive factors developed by adapting cost leadership and differentiation, the two that were differentiated and cost-focused were the major competitive strategies of horticulture manufacturers in Kenya. However, a weakness of this study was that it defined the horticulture industry only. Therefore, the study could not have been done in the supermarket segment of the food industry.

Kamau (2013) devoted a study on the effect of differentiation strategy on the supermarket sales category in Nakuru. To this end, this study only selected and surveyed eleven (11) supermarkets that offered different levels of product, physical, and service differentiation variables that are known to exist. Against this backdrop, the investigation was directed using a descriptive review approach. Nonetheless, the study of this paper also pointed out that only primary data was collected and analyzed. The limitations, therefore, were that the supermarkets selected were limited geographically to only Nakuru town, which restricted the generalization of the study results to Naivas supermarket, which has extensive operational networks across the geographical region.

2.5 Summary of Literature Review and Research Gaps

The review of the literature establishes that there is robust literature examining the differentiation strategy and market share both locally and internationally. These include industries, theoretical frameworks, research methods, and data investigation tools such as CFA, One-sample-tests, and t and chi-square tests. However, some limitations were argued in previous research to justify the need to undertake the current study to address the gaps.

To begin with, this study focused specifically on differentiation strategy, a competitive approach employed by top-performing organizations to distinguish themselves from competitors. By contraction the scope of this particular strategy, the research intended to provide deeper insights into its impact on sales performance

Within the context of the Kenyan retail sector. Furthermore, the selection of Naivas Supermarket as the primary subject of analysis added a unique dimension to the study. As the leading supermarket chain in Kenya, Naivas offers a compelling case for examining the effectiveness of differentiation strategy in driving sales volume growth. By focusing on a prominent player in the industry, the study sought to draw meaningful conclusions that could inform strategic decision-making within the retail sector.

Lastly, the research adopted a comprehensive approach by incorporating descriptive and inferential analysis techniques. This research methodology made it possible to gain great insights into the characteristics of differentiation strategy adoption and its effect on sales performance due to the exploration of two processes. By comparing the results obtained from descriptive and inferential analyses, the study ensured robustness and consistency in its findings, thereby enhancing the credibility and validity of its conclusions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter aims to describe the research methods used when conducting this study and also gives background to the study. In this case, the areas that were considered included the introduction and background, research design, target population, number of samples required and sampling technique to be used, data collection technique, the method used in testing the validity and reliability of data, and the method of data analysis.

3.2 Research Design

According to Creswell (2021), research design refers to a general work plan researchers use to complete predetermined research questions and objectives. This research employed descriptive study design to assess the effects of differentiation strategies on Naivas Supermaket's sales performance in Kenya. To fill this gap, the research design suggested for this study outlined differentiation strategies and sales in detail.

3.3 Target Population

As Asiamah et al. (2017) explained, the target population is specific groups within a given population described by certain characteristics relevant to the study's purposes. In the context of this study, the target population comprised 204 senior and mid-level employees at the Naivas supermarket head office. These individuals were chosen deliberately due to their pivotal role in strategy implementation within the organization (Lesko et al., 2022). Senior and mid-level employees are entrusted with translating strategic objectives into actionable plans and overseeing their execution. The delivery of the target population is covered in Table 3.1.

Table 3.1: Target Population

No.	Department	Population
1.	Accounts	25
2.	Sales	71
3.	Supervisors	36
4.	Dispatch	72
	Total	**204**

Source: Naivas Record (2023)

3.4 Sample Size and Sampling Technique

This study used census. A tally is a collection technique that obtains data. This was used because the target population is easily manageable and accessible since it is a closed population. It allowed the researcher to approximate a specific field's values, perceptions, attitudes, and behaviors.

Table 3.2: Sample Size

No.	Department	Sample Size
1.	Accounts	25
2.	Sales	71
3.	Human resource	36
4.	Dispatch	72
	Total	**204**

Source: Naivas Record (2021)

3.5 Data Type and Research Instrument

In this study, primary data resources were used. Blumberg et al. (2014) described primary data as data collected personally and directly by the researcher for his research study. To gather the primary data, the research used the prepared questionnaires as instruments of data collection (see Appendix I). According to Creswell and Creswell (2017), a questionnaire is simply a list of items or questions to which the respondent must, in most cases, provide a written answer. The questions for the study were as follows: The questions had different questionnaires typed on the Likert scale, including strongly disagree, disagree, Neutral, agree, and agree strongly. The benefit of applying questionnaires is that the prejudice of the interviewer does not influence the outcome (Fowler, 2014).

3.6 Pilot Testing

Pilot testing involves pre-testing the questionnaire with a small, random sample to establish whether there is likely to be confusion or, perhaps, prejudicial impacts of various questions or procedures used during the study (Oso & Onen, 2015). This study's research data collection tool was pre-tested through a small sample of employees from Naivas at the Narok branch. The pre-testing phase was crucial in identifying various aspects of the questionnaire that required refinement. Specifically, it highlighted questions that were challenging to comprehend, those susceptible to differing interpretations among respondents, and items that exhibited similarity (Ponsford et al., 2021). Through feedback from pre-test participants, areas for improvement were identified, enabling modifications to be made to enhance the overall quality and comprehensibility of the questionnaire (Pitkänen et al., 2023).

3.7 Validity and Reliability of Research Instrument

The validity and reliability of the data was determined as follows:

3.7.1 Validity of the Research Instrument

This is the level of validity where an instrument assesses or captures what it intends to capture. According to Mugenda and Mugenda, this is because the provided outcomes only operationalized the research questions. This is the degree to which a test gets as close as it is mainly intended to get to the subject. Face and content validity was also evaluated more specifically in the present investigation. Face validity was then made in determining the size of the questionnaire and in estimating the possible time any given respondent would need to spend in responding to the question of this research study to ensure that the research instrument is evident and unambiguous as required by the respondents and face validity was conducted with the assistance of an expert.

Content validity looks at the degree to which information collected by a specific instrument represents the domain of a particular concept (Polit & Beck, 2017). The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is among the efficient statistics to justify the applicability of instrumentation used in data-gathering techniques (Lorenzo-Seva; U.;&Ferrando, 2021). This test looks at the Appropriateness of sample analysis, particularly for Factoring Analysis, to determine the suitability of the data collected. To determine the suitability of the data for factor analysis, all of the obtained KMO values are to exceed the value of 0.4. It is a positive sign that factor analysis should be done and that the data is available and suitable for the study. Table 3.3 shows the summary of KMO.

Table 3.3: Validity of the Instrument

Items/Scale	Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)	Sig.
Image Differentiation	.590	.000
Service Differentiation	.629	.000
Relationship Differentiation	.670	.000
Sales Performance	.529	.000

The results in Table 3.3 show that the instrument was valid since all the KMO values were above 0.4.

3.7.2 Reliability of the Research Instrument

In essence, reliability appraises the capacity of a given research tool to produce coherent results or data any time the assessment is attempted again (Sürücü & Maslakci, 2020). It is affected by random error. The internal consistent reliability estimate using Cronbach's coefficient alpha determined the research instrument's validity. This was done separately on even and odd items depending on the order of the items in the constructed questionnaires. Just as Fraenkel and Wallen (2016) suggested, an assessment instrument known as a psychometric must have a coefficient alpha of 0.70 or above where the sample size is large. The basis of this threshold is to ensure that the instrument yields consistent findings for a given variable or construct of interest (Amirrudin et al., 2021). The findings of Cronbach's coefficient alpha are presented in Table 3.4 below.

Table 3.4 Reliability Statistics

Items	Cronbach's Alpha	No. of Items
All items on the questionnaire	.799	25
Image Differentiation	.737	7
Service Differentiation	.718	7
Relationship Differentiation	.729	7
Sales Performance	.826	4

The results in Table 3.4 show that the questionnaire was reliable since Cronbach's alpha reliability index for all the items was above 0.7.

3.8 Data Analysis Procedures

In this section, the methodology that was used to analyze the data gathered during the study is explained. As the researcher collected the questionnaires from the respondents, there was an opportunity to screen for compliance with the ones retrieved, and thus, the data analysis process was started. The researcher calculated the descriptive and inferential analyses to determine the impact of IVs on the DV. The data was pre-coded before analysis to make sure that the collected data was read correctly and put in the correct data categories. In this work, quantitative data was employed and was measured using means and standard deviations.

Correlation goes a long way in analyzing the extent and direction of the relationship between two variables; it is a quantitative method (Kothari, 2004). Hence, it employed the

Spearman rank correlation to test the correlation between the independent and dependent variables. Rank correlation was appropriate because the Likert scale was used to gather information about the superiority of the ordinal scale and give ranks of one to five to scores. As preliminary tests, the chi-square test was performed to find whether there is a significant relationship between the two variables under consideration with a 95 % level of confidence. The above-stated null and research hypothesis are stated below:

H_0: There is no significant relationship between Image, Service and relationship differentiation and sales performance of Naivas supermarket in Kenya (r = 0).

H_1: There is a significant relationship between Image, Service and Relationship differentiation and sales performance of Naivas supermarket in Kenya (r ≠ 0).

Where r is the correlation coefficient.

Through the logistic model, the study's hypotheses were tested using the Wald chi-square test. The test statistic for the coefficients is given:

$$Z = W_j = \frac{\widehat{\beta}_i}{S.E(\widehat{\beta}_i)} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..3.1$$

The test statistic follows a *t*-distribution with *n*-1 degrees of freedom.

A sample of one dependent variable with one independent variable was performed using the simple ordinal logistic regression model. Multiple Og logistic regression analysis was also employed when developing the research model to establish the moderating interactive impact of the three independent variables on the dependent variable. In the course of data analysis, regression analysis is used to test whether the correct model has been used to fit the data. R-squ reduces the level of relatedness of the two variables, while R-squ celebrates the financial measure of the dependent variable. It shows the extent of the shift in the dependent variable concerning the independent variable.

To test the significance and the level of difference between a regression mean and the error mean, the Fischer distribution test (F-test) was employed. The analysis of this test was conducted at a 5 percent significance level, meaning we were 95 percent confident. The model contained adjusted coefficients of determination for testing the level of statistical significance by using the Pseudo R-squared (Nagelkerke) statistic. The logistic regression model is described in equation 3.2.

$$Log\ (Odds) = logit(Y) = \ln\left(\frac{y}{1-y}\right) \ \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 3.2$$

$$Logit\ (Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where:

Y = Sales Performance

β_0 = The Y-intercept

X_1 = Image differentiation

X_2 = Service differentiation

X_3 = Relationship differentiation

β_i $i = 1,2,3$ is the regression coefficient, which measures the change induced by X_i; i= 1,2,3, on Y.

3.8.1 Parameter Estimates

The interpretation for the parameter (B) and the Exp (B) in logistic regression are discussed in this section. Optimistic estimate: It is hypothesized that a one-unit increase on an independent variable should correspond to a specific increase in the log odds of a fall at a higher level of the dependent variable. This also proves that the probability of a dependent Variable Level will likely go up as the independent Variable values go up. Pessimistic estimate: Holding all other variables constant, it showed that one unit increase on an independent variable was associated with an expected decrease of a particular value in the log odds of falling at a higher level on the dependent variable. This implied that as levels of the independent variable increased, the probability of decline in the higher level of the dependent variable decreased.

Exp(B) interpretation is based on the following three points:

An odds ratio > 1 suggested that as an independent variable was higher, the odds of being at a higher level on the dependent variable were slightly higher. The odds ratio < 1 for the variables says that they have negative signs with the dependent variable when the values of this variable are on the rise. Odds ratio = 1: still does not change the probability of being a higher category as the values of the independent variable increase.

3.9 Diagnostic Tests

This section discusses the various diagnostics tests carried out in this study. They comprise multicollinearity and test for normality.

3.9.1 Multicollinearity

In its use, multicollinearity is a relation between individual variables within the context of the regression model, where many of the variables are highly related, so it is almost impossible to detect a specific variable's individual contribution to the dependent variable's variance. When diagnosing the regression equation, multicollinearity diagnostics is highly critical because this condition is highly likely to yield unstable estimates of the regression coefficients alongside impossible significant standard error, distorting the general interpretation of the model and decreasing the overall predictive capability of the model. To check the multicollinearity condition of the variables, the VIF value of every independent variable was computed (Hair, 2010). VIF offers a total measure of how much the variation of the estimated regression coefficient is accountable to multicollinearity or interaction of the independent variables. Generally, if the VIF is greater than 5, the message of multicollinearity is delivered, although this is not the case here.

3.9.2 Normality

As a result, the normality test can be used to determine the distribution of the variables applied to a dataset. When performing such tests, researchers get information about the nature of the data distribution, which aids in selecting suitable statistical models and detecting outliers. In more detail, the test provides information about using inferential statistical techniques – parametric or non-parametric. If normality is not achieved, these test statistics are generally suggested to ensure that hypothesis test conditions are met. In this study, the Shapiro-Wilk test was applied for normality checks.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter covers the response rate, demographic data, diagnostic tests, the effect of image differentiation, service differentiation, and relationship differentiation on the sales performance of Naivas supermarket. The chapter concludes with the joint effect of image, service, and relationship differentiation on the sales performance of Naivas supermarket.

4.2 Response Frequency

Two hundred and four (204) questionnaires were distributed and retrieved from the plaintiffs. Of the total distributed questionnaires, 171 were returned and formed the basis of this study. This gave a response rate of 84% to the research. Marton (2016) posits that an appropriate response rate for descriptive research should be more than 70%. The findings concerning the reply rate are presented in Table 4.1 below.

Table 4.1: Response Rate

Responses	Frequency	Response Rate (%)
Responded	171	84%
Not Responded	33	16%
Total	**204**	**100%**

Source (Author, 2024)

4.3 Diagnostic Test Results

The section covers the outcomes of various analytical tests before analyzing the data.

4.3.1 Multicollinearity Test

The study fitted a multiple ordinal logistic regression, so there was a need to test for multicollinearity before fitting the model. Multicollinearity was tested using the Vector Inflation Factor (VIF). A VIF value greater than 10 implies multicollinearity between the independent variables. Therefore, one variable should be dropped from the model, while a VIF value of less than or equal 10 means an absence of multicollinearity. The results of the test are summarized in Table 4.4.

Table 4.2: Multicollinearity Test

Variable	**Collinearity statistics (VIF)**
Image differentiation	1.685
Service differentiation	3.234
Relationship differentiation	2.711

Source (Author, 2024)

From Table 4.2, it’s evident that all the VIF morals are less than 10. This indicates that there is no relationship between the three autonomous variables, namely image, service, and relationship differentiation, meaning that the study could fit a multiple logistic regression model.

4.3.2 Normality Test

A normality test was conducted before arriving at the model to be used. Pearson's correlation coefficient and logistic regression investigation were proposed for the data at the scale level if the transformed data were normally distributed. Otherwise, if normality test results indicated that none of the above-stated significance levels was expected, then the ordinal logistic model and Spearman rank correlation would be used. When using normality testing, the Shapiro-Wilk statistics were used. The summary of the results are given below. The results are summarized in Table No. 4.5.

Table 4.3: Test for Normality

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**Df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Image differentiation	.218	171	.000	.651	171	.000
Service differentiation	.174	171	.008	.873	171	.001
Relationship differentiation	.163	171	.011	.889	171	.001
Sales performance	.309	171	.000	.856	171	.000

Lilliefors Significance Correction

Source (Author, 2024)

From Table 4.3, it can be concluded with 95% confidence that the information representing all the variables is not generally dispersed. This is because all the *p-values* from the table under the Shapiro-Wilk test are less than 0.05, rejecting the null premise stating that data is "normally distributed." Rejecting the null premise means the study objectives will be investigated using Spearman rank correlation and the ordinal logistic regression model.

4.4 Effect of Image Differentiation on Sales Performance of Naivas Supermarket

The firsPt research question looked at the following question: The degree of image differentiation and sales performance of Naivas supermarket in Kenya. The respondents were asked to express their level of agreement or otherwise with the various statements on image differentiation on a Likert scale of 1 – 5 as follows: 1 = Very Low, 2 = Low, 3= Medium, 4 = High, 5 = Very High Table 4.6 below presents the mean, frequency as well as percentage of the study.

Table 4.4: Descriptive Statistics for Image Differentiation

Statements	**N**	**Mean**	**Std. Dev.**
The supermarket Charges affordable prices compared to competitors.	171	4.42	1.115
The supermarket has excellent customer experience.	171	4.43	.830
Product selection and sourcing are based on customer specifications.	171	4.26	1.221
Product selection is demand-driven.	171	4.43	.846
The supermarket adds value to its products through packaging.	171	4.43	.740
The supermarket is mostly located at the bus terminus.	171	4.45	.915
The supermarket is easily accessible by clients.	171	4.44	.903

Source (Field Data, 2024)

The discoveries in Table 4.4 indicate a consistent trend, with all response means yielding values of 4.0 and above, reflecting a strong positive sentiment towards Naivas supermarket. Specifically, regarding the supermarket's pricing strategy, a mean score of 4.42 suggests that most respondents perceive Naivas as charging affordable prices compared to its competitors. This perception aligns with Kadenyeka and Washika (2023), who highlighted the reputation of competitive pricing in the monetary performance of supermarkets in Kenya. Supporting this view, Kamau et al. (2022) also found that competitive pricing significantly influences customer satisfaction and loyalty within the supermarket sector. However, Omondi (2021) argued that pricing is not the sole determinant of customer preference, indicating that factors such as service quality and product variety may play a more substantial role in influencing consumer choices.

Regarding customer experience, the mean score of 4.43 demonstrates a strong agreement among respondents that Naivas supermarket provides excellent service. This finding is consistent with Ochieng and Mwangi (2023), who noted that customer experience is a critical predictor of loyalty in the retail sector. Furthermore, Wanyonyi et al. (2022) emphasized the direct correlation between superior customer service and enhanced supermarket sales performance. Conversely, Njuguna (2021) challenged the notion that all supermarkets deliver excellent customer experiences, suggesting that variations in service quality could lead to inconsistent customer satisfaction levels.

Regarding product selection and sourcing, the score of 4.26 indicates that respondents believe Naivas Supermarket bases its product offerings on customer specifications. A mean of 4.43 regarding demand-driven product selection further supports this assertion. These findings align with Odongo and Motari (2022), who highlighted the significance of customer-driven product selection in the Kenyan service industry. Mbugua (2023) reinforced this by stating that supermarkets prioritizing customer preferences in their offerings tend to perform better in sales and customer loyalty. However, Achieng (2020) presented a counterargument, asserting that market demand often fluctuates and may not always align with customer preferences, leading to challenges in sourcing products effectively.

Regarding value addition through packaging, respondents agreed, with a mean score of 4.43, that Naivas supermarket enhances its products through effective packaging strategies. This is supported by Mutua and Chuma (2022), who found that attractive packaging significantly impacts consumer perception and buying behavior. Njeri (2023) further noted the role of packaging in differentiating products and enhancing customer satisfaction. In contrast, Karanja (2021) cautioned that while packaging can attract customers, it does not guarantee repeat purchases if the product quality does not meet consumer expectations, suggesting that packaging must align with actual product value.

Finally, the mean response of 4.45 regarding the supermarket's location indicates that respondents largely agree that Naivas supermarket is predominantly situated at bus terminuses. This observation is corroborated by Musyoka (2023), who identified that most grocery shops are strategically located in high-traffic areas like bus terminuses in Eldoret town. Additionally, Ndunda and Muriuki (2022) found that the accessibility of retail outlets significantly influences customer convenience, supporting the positioning of Naivas supermarket. However, Wambua (2021) introduced a nuanced perspective, arguing that being situated in busy locations does not necessarily lead to sales success, as some consumers may prefer quieter shopping environments, highlighting the complexity of customer preferences in the retail landscape.

These findings illustrate the multifaceted nature of consumer perceptions regarding Naivas supermarket, underscoring the importance of competitive pricing, customer experience, product selection, packaging, and strategic location in shaping customer gratification and devotion in the retail part.

The findings were further overtested using Spearman rank order correlation to test the relationship between image differentiation and sales performance of Naivas supermarket. Table 4.5 contains the summary of the results of the study as outlined in the subsequent sub-sections.

Table 4.5: Correlation Analysis between Image Differentiation and Sales Performance

	Sales performance	Image differentiation
Image differentiation	0.689**	1.000

**. Correlation is significant at the 0.01 level (2-tailed).

Source (Field Data, 2024)

The outcomes in Table 4.5 designate a correlation coefficient of 0.689 between image differentiation and sales performance, revealing a moderate positive relationship. This suggests that a decrease in image differentiation correlates with a decline in sales performance for Naivas supermarket, while an increase in image differentiation corresponds with enhanced sales performance. The statistical test for the validity of this correlation is further backed by a 0.000 p-value below the threshold of 0.05; thus, it is valid. This actual research corresponds with Musyoka (2023), whose study showed a positive relationship between customer orientation and sales productivity for grocery shops in Eldoret town. As supporting this, Islaimi et al. (2020) stressed that if there is a high and positive degree of relationship between independent variables, then there is a possibility of building more models to test the suitability of interaction. These studies underscore the need to communicate the image strategies of a supermarket better to optimize performance concerning the RBT argument. RBT, as advanced by Wernerfelt (2016) and extended by Peteraf & Barney (2013), focuses on explaining why firm performance is a function of resources and capabilities and, as such, why firms should look to utilize these resources to offer unique value.

Conversely, some studies argue against the idea that image differentiation alone drives sales performance. For example, Wang and Jiang (2021) contend that while image differentiation can positively influence customer perceptions, it may not necessarily translate to improved sales if other critical factors, such as product quality and customer service, are lacking. Additionally, Aseka and Houghton (2023) argue that an overemphasis on image differentiation could lead firms to neglect the fundamental elements of product delivery and customer satisfaction, potentially diminishing overall sales performance. Thus, while the current study underscores the significance of image differentiation in enhancing sales performance, it is crucial to recognize the multifaceted nature of consumer decision-making, which encompasses a variety of factors beyond just brand image.

The study sought to create the asset of the association between image differentiation and Naivas supermarket's sales performance. The analysis was conducted using the relevant regression model, established as the ordinal logistic regression model, summarized in Table 4.6.

Table 4.6: Model Fitting

Model	-2 Log likelihood	Chi-square	Df	P value	Pseudo R-square	
Intercept	90.433				Nagelkerke	0.4746
Final	80.403	10.030	1	0.002		

Source (Field Data, 2024)

From Table 4.6, it is clear that the model fits the data well, with the Nagelkerke statistic serving as the equivalent of R-squared in logistic regression analysis. The Nagelkerke value of 0.4746 indicates that image differentiation can explain 47.46% of the disparity in the sales performance of Naivas supermarket. This finding aligns with Baeza-Delgado et al. (2022), who noted that models with p-values less than 0.05 are considered significant, emphasizing that higher Nagelkerke statistics demonstrate the model's effectiveness in elucidating changes in sales performance. Further corroborating these findings, Liu and Zhang (2021) conducted a study highlighting that businesses leveraging unique resources, such as innovative marketing strategies and customer relationship management, demonstrated enhanced sales performance. The current model, therefore, is statistically adequate for predicting the sales performance of Naivas supermarket, supporting the Resource-Based Theory (RBT). As outlined by Peteraf and Barney (2013) and Wernerfelt (2016), RBT posits that a firm's unique resources and capabilities significantly influence its performance, allowing it to create distinctive value propositions. On the contrary, Lee and Yang (2023) argue that while image differentiation can impact sales, it is not the sole factor affecting performance. They contend that operational efficiency and customer service quality must also be prioritized for sustainable sales growth. This perspective underscores the multifaceted nature of sales performance and suggests that overemphasizing image differentiation could lead firms to overlook these critical operational elements.

Moreover, the positive intercept of 90.433 in the logistic regression analysis indicates that Naivas supermarket has been experiencing positive sales performance, reflecting a favorable perception among respondents. This positive sentiment presents an opportunity for the supermarket to further enhance its performance through targeted strategies, which aligns with the Resource-Based Theory's emphasis on optimizing resources to build a competitive advantage.

Table 4.7: Parametric Estimates

Variable	B	Std. Error	Wald Chi-square	Sig (P value)	Exp(B)
Image differentiation	1.2568	0.4012	3.1326	0.002	3.514

Source (Field Data, 2024)

Table 4.7 shows results pointing to an overall p-value of 0.002, less than 0.05; hence, the null hypothesis was rejected, meaning that image differentiation is another critical variable to study sales outcomes. According to the above findings, affirming the image differentiation variables, which include pricing, customer experience, marketing, and business location to one unit, are expected to lead to a 1.2568 increase in the likelihood of enhancing sales performances. Therefore, with each unit increase in these image differentiation indicators, the chances of Naivas supermarket achieving a higher level of sales performance improves by a factor of 3.514 (Exp(B) = 3.514). The results align with the Resource-Based Theory, which holds that the possessions and abilities of a firm can advance sales performance.

Supporting this assertion, Khairuddin (2015) articulated that image differentiation comprises various factors, necessitating that companies master elements like pricing, marketing, customer experience, and business location to establish a distinct and unique brand image. This is further corroborated by Hofer (2011), who contends that organizations able to cultivate a positive brand image—characterized by competitive pricing, quality customer experiences, and effective marketing strategies—tend to experience increased sales volume.

Moreover, Liu et al. (2019) echoed similar sentiments, suggesting that firms that integrate robust image differentiation strategies can better position themselves in the market, enhancing customer loyalty and increasing sales. On the contrary, Garcia et al. (2020) argued that an overemphasis on image differentiation without aligning operational efficiency may result in diminished returns, suggesting that organizations must strike a balance between differentiation and effective resource management. This critical perspective underlines the need for Naivas supermarket to not only enhance its image differentiation strategies but also ensure that they are supported by operational capabilities, as advocated by RBT, to achieve sustained competitive advantage and optimal sales performance.

4.6 Effect of Service Differentiation on Sales Performance of Naivas Supermarket

The second research question sought to establish the effects of service differentiation on the sales performance of Naivas supermarket in Kenya. The respondents were asked to self-administer a five-point Likert scale to indicate their level of agreement or disagreement with statements relating to service differentiation: Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree and 5 = Strongly Agree. Using the results recorded above, the mean, the standard deviation, and the standard errors were computed, as shown in the following table.

Table 4.8: Descriptive Statistics for Service Differentiation

Statement	N	Mean	Std. Dev.
Naivas has a short order processing time.	171	4.47	.923
Naivas has more well-trained cashiers.	171	4.49	.651
Service delivery is timely at Naivas supermarket.	171	4.43	.859
Naivas supermarket offers an excellent online shopping experience.	171	4.37	1.027
There is promptness in handling customers' complaints.	171	4.58	.737
Naivas offers excellent packaging services to clients.	171	4.44	.784
Customers are satisfied with Naiva's packing services.	171	4.63	.716

Source (Field Data, 2024)

The findings presented in Table 4.8 indicate that all survey questions yielded a mean value of 4.0 and above, suggesting a positive perception of Naivas supermarket's operational effectiveness. Specifically, regarding whether Naivas supermarket has a short order processing time, the responses recorded a mean of 4.47. This high mean score indicates that most respondents believe Naivas efficiently processes orders. Supporting this view, Odongo and Motari (2022) highlighted the critical role of prompt order processing in enhancing customer satisfaction within the Kenyan retail sector. Similarly, Kumar et al. (2023) found that retailers with expedited order processing tend to foster greater customer loyalty and improve overall sales performance. Conversely, a study by Mwende and Karanja (2021) argued that while many supermarkets strive for quick processing times, systemic issues, such as inadequate staff training and operational bottlenecks, often hinder achieving optimal efficiency.

Regarding well-trained cashiers, respondents indicated a mean of 4.49, reflecting a consensus that Naivas supermarket employs more well-trained staff. This finding aligns with the conclusions of Odongo and Motari (2022), who emphasized that skilled personnel significantly enhance service delivery in retail environments. Additionally, Muli et al. (2021) reported that well-trained cashiers improve customer interactions and improve retail operations' overall efficiency and performance. However, a contrasting viewpoint from a study by Njuguna (2020) posited that the perception of cashier training may not always correlate with actual service quality, suggesting that ongoing training and development are often overlooked in practice.

The results also indicated a mean of 4.43 for timely service delivery at Naivas supermarket, suggesting strong agreement among respondents regarding the supermarket's effectiveness in this area. Furthermore, a mean response of 4.37 regarding the online shopping experience implies that many respondents feel optimistic about Naivas's digital offerings.

These findings align with Odongo and Motari (2022), who reported that timely service delivery and a robust online platform are essential for meeting contemporary consumer demands. In contrast, a study by Muthoni and Juma (2021) raised concerns about the reliability of online shopping experiences in Kenyan supermarkets, arguing that inconsistent service delivery can negatively impact customer satisfaction and trust.

Respondents rated this aspect highly regarding punctuality in conducting customer criticisms, with a mean of 4.58, indicating that they perceive Naivas supermarket as efficient in addressing issues. This discovery is maintained by Musyoka (2023), who found that effective complaint management fosters customer trust and enhances overall satisfaction in retail contexts. However, a counterargument presented by Wambua (2022) highlighted that while many customers report satisfaction with complaint handling, the underlying processes may still be inefficient, resulting in resolution delays that could diminish customer loyalty.

Finally, concerning packaging services, a mean response of 4.44 suggests that plaintiffs approve of Naivas supermarket offering excellent packaging services. This is consistent with Musyoka (2023), who identified that adequate packaging is crucial for customer satisfaction in grocery retail. Additionally, Odongo and Motari (2022) echoed this sentiment, emphasizing that quality packaging can significantly impact customer perceptions and repeat business. Nevertheless, a study by Nyaguthii and Otieno (2023) suggested that not all grocery stores prioritize packaging quality, asserting that some retailers view it as a low-cost area, which can lead to a subpar customer experience.

In summary, while the findings indicate a generally positive perception of Naivas supermarket's operations, it is essential to consider the contrasting views presented in the literature, which highlight areas where improvements may be necessary.

The obtained results were regressed using Spearman's rank correlation in an attempt to test the relationship between service differentiation and, hence, the relationship between the service differentiation of the Naivas supermarket and its sales performance. A summary of the results of the survey is as indicated:-

Table 4.9: Correlation Analysis between Service Differentiation and Sales Performance

	Sales performance	Service differentiation
Service differentiation	0.581**	1.000

**. Correlation is significant at the 0.01 level (2-tailed).

Source (Field Data, 2024)

Table 4.9 shows that the coefficient of Service differentiation and sales performance is = 0.581. This means that there is at least a moderate positive relationship between service differentiation and the variables of sales performance. This means that a higher level of service differentiation leads to higher sales performance at Naivas supermarket and vice versa. Depending on the nature, or rather the lack of it, of the relationship between the variables, we get a correlation coefficient of 0.95 and a p-value below 0.05, meaning we have a significance level of 0.05. The findings aligned with Musyoka 2023, where customer orientation is considered to be proportional to the sales performance of the glossary shops in Eldoret. In support of the earlier findings, Islami et al. (2020) supported the conclusion that every time several valuable and positive correlations are available, several models can be presented to justify the selected independent variables.

Thus, the research also sought to establish the extent of the service differentiation in Naivas supermarket sales performance. Based on the regression model, the ordinal logistic regression model defined in Table 4.12, a regression analysis was carried out.

Table 4.10: Model Fitting

Model	-2 Log likelihood	Chi-square	Df	P value	Pseudo R-square	
Intercept	81.163				Nagelkerke	0.3376
Final	75.719	5.236	1	0.013		

Source (Field Data, 2024)

The analysis in Table 4.10 reveals a Nagelkerke value of 0.3376, indicating that service differentiation accounts for 33.76% of the variation in sales performance at Naivas supermarket. This finding highlights a significant relationship between service differentiation and sales outcomes, as evidenced by the model's statistical significance at the 5% level. Such significance suggests that the model effectively predicts changes in sales performance. Additionally, the positive intercept of 81.163 implies that Naivas supermarket's projected sales performance is favorable, reinforcing that effective service differentiation can lead to enhanced sales outcomes. Fu et al. (2024) support this interpretation, noting that a positive intercept signifies improved outcomes on the dependent variables in research, which aligns well with the observed findings.

These results are further substantiated by existing literature. Khairuddin (2015) underscores that service differentiation is a vital strategy that fosters enhanced customer satisfaction and loyalty, ultimately contributing to improved sales performance. Similarly, Hofer (2011) argues that organizations that successfully implement service differentiation strategies tend to outperform their competitors regarding sales and market share. These studies collectively provide a robust theoretical foundation supporting the relationship identified in this analysis.

Moreover, these findings are further supported by Contingency Theory, which posits that the effectiveness of an organization's structure is contingent upon its specific circumstances, including size and strategy (Hofer, 2011; Khairuddin, 2015). This theoretical framework emphasizes the importance of contextual factors in shaping sales performance, suggesting that Naivas supermarket must consider various variables—such as service differentiation, pricing, and overall operational strategy—to achieve optimal sales results. By understanding these interdependencies, Naivas can strategically align its services to cater to its customer base's specific needs and preferences, enhancing overall performance.

Conversely, a contrasting perspective is provided by Njoroge and Wairimu (2022), who argue that while service differentiation positively influences sales, it is not the sole determinant of success. Their research highlights that other factors, such as pricing strategy and operational efficiency, also significantly influence sales performance. This indicates that relying exclusively on service differentiation may not fully capture the complexities of sales dynamics in a competitive environment.

Table 4.11: Parameter Estimates

Variable	B	Std. Error	Wald Chi-square	Sig	Exp(B)
Service differentiation	1.1440	0.3116	3.6714	0.014	3.1394

Source (Field Data, 2024)

The results in Table 4.11 indicated that service differentiation has a positive impact on the sales performance in Naivas supermarket because the p-value = 0.014, less than the limit of 0.05. Thereby, the Null hypothesis was rejected. This means that switching to a higher level of generic service attributes, such as order pricing time, waiting time, packaging, and methods of handling the customers, is expected to increase the log odds of achieving higher performance in sales by 1.1440. Results from GLM's current analysis demonstrate that every unit increase in means of service differentiation leads to a 3.1394 (Exp(B) = 3.1394) chance of enhancing the current sale performance in Naivas.

The findings align with Miller (2012), who emphasized that shorter order processing times and excellent customer service contribute significantly to increased sales volumes. Customers who experience efficient and personalized services are likelier to return, fostering loyalty and higher sales. Furthermore, Hernant, Andersson, and Hilmola (2007) urging that service organizations must meet three essential customer needs to achieve service excellence: efficient packaging, effective service differentiation, and fair treatment, all of which are vital to enhancing sales performance.

The foregoing urguments are consistent with Contingency Theory, positing that an organization’s effectiveness depends on specific contextual factors, such as size, strategy, and operational circumstances (Hofer, 2011; Khairuddin, 2015). In the case of Naivas supermarket, service differentiation emerges as a crucial contextual factor influencing sales performance. By tailoring its strategies to meet the unique needs of its customers—through timely service, improved packaging, and efficient customer handling—Naivas can align its operations with market demands, thereby optimizing sales outcomes.

However, Njoroge and Wairimu (2022) offer a contrasting view, suggesting that while service differentiation positively impacts sales, it is not the sole determinant. Their research indicates that other factors, such as pricing strategies and operational efficiency, are equally important in driving sales performance. This challenges the notion that service differentiation alone can fully account for variations in sales outcomes, highlighting the complexity of sales dynamics in a competitive retail environment.

4.7 Effect of Relationship Differentiation on Sales Performance of Naivas Supermarket

The third research question focused on examining the relationship between relationship differentiation and the Naivas supermarket sales performance in Kenya. Five-point Likert scale agreements/disagreements concerning relationship differentiation statements were asked of the respondents: 1 – Totally disagree 2- Disagree 3 – Neutral 4- Agree 5 – Strongly agree. Table 4.10 In descriptive analysis, means were calculated, and Table 4.11 reveals those results.

Table 4.12: Descriptive Statistics for Relationship Differentiation

Statement	N	Mean	Std. Dev.
Naivas supermarket has an excellent relationship with employees.	171	4.48	.676
Naivas supermarket has an excellent relationship with sales representatives.	171	4.45	.562
Naivas Supermarket does make timely payments to suppliers	171	4.22	.782
Naivas supermarket offers promotional gifts to customers	171	4.74	.464
Naivas supermarket provides excellent after-sales services to customers	171	4.57	.751
Naivas supermarket attendants are well-trained in excellent customer relations	171	4.65	.619
Naivas supermarket has a customer-focused customer care desk.	171	4.76	.539

Source (Field Data, 2024)

The analyses presented in Table 4.12 indicate that the mean value for all the questions is 4.0 and above. When asked how Naivas supermarket relates to the employees, the mean response was 4.48. This resulted in a mean score of 0.67, hence demonstrating that the respondents agreed that Naivas supermarket had excellent relationships with employees. They asked if Naivas supermarket had a fantastic relationship with the sales representatives, and the response came with a mean of 4.45. This concurred with our observation that the majority of the respondents held a similar opinion, indicating that Naivas supermarket has a good rapport with sales representatives. As stated by Kadenyeka and Washika (2023), who examined commercial bank services and orientation in Kenya, the latter was decided upon.

Regarding whether Naivas supermarket made timely payments to suppliers, the responses had a mean of 4.22. This showed that most respondents agreed that Naivas Supermarket made timely supplier payments. On whether Naivas supermarket offered promotional gifts to customers, the responses had a mean of 4.74. This showed that most respondents also agreed that Naivas supermarket offered promotional gifts to customers. This supported the findings of Odongo and Motari (2022), who analyzed the service industry in Kenya. Whether the Naivas supermarket provided excellent after-sales services to customers, the responses had a mean of 4.57. This showed that most respondents agreed that Naivas supermarket provided excellent after-sales services to customers.

On whether Naivas supermarket attendants are well trained in excellent customer relations, the mean response was 4.65. Most respondents agreed that Naivas supermarket attendants are well-trained in outstanding customer relations. This was consistent with the findings of Musyoka (2023). Whether Naivas supermarket has a customer-focused customer care desk, the responses had a mean of 4.76. Most respondents agreed that Naivas supermarket has a customer-focused customer care desk.

Spearman's rank correlation test was then used to evaluate the correlation between relationship differentiation and sales performance of Naivas supermarket. The findings are presented in the following table 4.13.

Table 4.13: Correlations between Relationship Differentiation and Sales Performance

	Sales performance	Relationship differentiation
Relationship differentiation	0.575*	1.000

**. Correlation is significant at the 0.05 level (2-tailed).

Source (Field Data, 2024)

The findings from Table 4.13 indicate a correlation coefficient of 0.575, suggesting a restrained positive relationship between relationship differentiation and sales performance at Naivas supermarket. This implies that increased relationship differentiation, such as fostering customer relationships, leads to improved sales recital. The correlation is statistically significant, with a p-value less than 0.05, reinforcing the importance of relationship differentiation in driving sales.

The discoveries are steady, as with those of Musyoka (2023), who found a positive correlation between customer focus and sales performance in glossary shops in Eldoret. Musyoka highlighted that customer-oriented strategies, including relationship building, enhance loyalty, leading to repeat purchases and higher sales volumes. Similarly, Islami et al. (2020) emphasized that strengthening positive customer relationships creates an opportunity to model further and refine independent variables, thereby boosting sales performance and providing a competitive edge.

These findings align with Differentiation Theory, as proposed by Michael Porter. According to Porter, the capability of a firm to sustain competitive advantage hinges on its ability to differentiate its products or services (Thompson & Frank, 2004). Kamau (2013) further elaborates that differentiation strategies—such as creating unique products or services—enhance a firm's position in the market by catering to specific customer needs. In the context of Naivas supermarket, service differentiation, including relationship-focused strategies, positions the firm advantageously against competitors by building customer loyalty and satisfaction. Porter (1990) notes that differentiation strategies can include product variety, store atmosphere, and service quality, which are crucial to sustaining a competitive advantage and improving sales outcomes.

However, Njoroge and Wairimu (2022) offer a contrasting view and argue that while relationship differentiation positively impacts sales, it is not the sole determinant. Their research suggests that other factors, such as pricing and operational efficiency, also play a crucial role in driving sales performance. This highlights the need for Naivas to adopt a more holistic approach incorporating various strategies, as relying solely on relationship differentiation may not fully capture the complexity of sales performance dynamics in a competitive retail environment.

We further proceeded to establish a stronger relationship of relationship differentiation with the sales performance of Naivas supermarket. The analysis was done by incorporating the correct regression model, the ordinal logistic regression model seen in table 4.16.

Table 4.14: Model Fitting

Model	-2 Log likelihood	Chi-square	Df	P value	Pseudo R-square	
Intercept	76.728				Nagelkerke	0.3306
Final	68.517	4.5219	1	0.029		

Source (Field Data, 2024)

As shown in the results from Table 4.14, W is quantified, defining that the model is statistically significant; $p < 0.05$. Moreover, it means that the choice of the logistic model is justified by the significance of service differentiation in analyzing sales performance. The Nagelkerke value obtained was 0.3306, implying that service differentiation explains 33.06 percent of the total variation in sales performance in Naivas supermarket. This suggests that relationship differentiation is indeed the significant driver of sales.

These results are consistent with the findings of Musyoka (2023), who established a positive correlation between customer relationship management and sales performance in retail environments. Musyoka's study emphasized that more robust relationships with customers foster loyalty, driving repeat purchases and enhancing overall sales performance. Similarly, the survey by Hernant, Andersson, and Hilmola (2007) supports these findings, highlighting that service differentiation—through aspects such as customer engagement and personalized services—directly leads to increased customer satisfaction and, subsequently, higher sales performance. These studies underscore the critical role of service differentiation in influencing sales dynamics.

The relationship between service differentiation and sales recital is further reinforced by Differentiation Theory, as uttered by Michael Porter. Differentiation Theory posits that a company's ability to sustain a competitive advantage depends on its capacity to leverage unique aspects of its products or services to stand out in the marketplace (Thompson & Frank, 2004). Kamau (2013) emphasizes that differentiation strategies, such as product and service variety, enhance a firm's competitiveness by appealing to diverse customer needs. In the case of Naivas supermarket, service differentiation strategies—such as customer service and after-sales services—align with Porter's view that these efforts enhance sales and secure long-term competitive advantages. Porter (1990) further elaborates that service differentiation, including factors like operating hours and customer loyalty programs, can be pivotal in driving sales growth and securing market leadership.

However, a contrasting perspective is provided by Njoroge and Wairimu (2022), who argue that while service differentiation is essential, it is not the sole driver of sales performance. Their study suggests that pricing and operational efficiency also significantly determine sales outcomes. This implies that relying exclusively on service differentiation may not fully capture the complexities of sales performance, especially in competitive retail environments. Therefore, Naivas should consider a multifaceted approach integrating service differentiation and other operational strategies to optimize its sales performance.

The significance and the effect of service differentiation on sales performance were examined using Table 4.15.

Table 4.15: Parametric Estimates

Variable	B	Std. Error	Wald Chi-square	Sig	Exp(B)
Relationship differentiation	0.8738	0.2533	3.4497	0.029	2.396

Source (Field Data, 2024)

As evident in Table 4.15, the results reveal that relationship differentiation positively correlates with the extent of sales performance with the test statistic of 2.445 at the p-value of 0.029, which is less than 0.05, hence rejecting the null hypothesis. This signals that when one optimizes on relationship differentiation factors, such as customer, supplier, and employee relationships, there will be a predicted 0.8738 unit increase in the log odds of being at higher levels of sales performance. In particular, for a one-unit increment in relationship differentiation, the likelihood of high sales performance is 2.396 times higher (Exp(B) = 2.396).

These findings align with the work of Donaldson (2011), who emphasized that establishing strong customer relationships is one of the most effective ways for companies to differentiate themselves from competitors. Donaldson's research found that creating loyal customers through relationship-building leads to increased sales, as these customers are more likely to return for repeat business. Similarly, Thanimlaksana (2010) asserts that, improving relationships with employees enhances their motivation, increasing sales volumes as employees are better able to serve more clients and to improve customer satisfaction.

The relationship differentiation and sales performance is consistent with Michael Porter’s Differentiation Theory. Differentiation Theory emphasizes the importance of firms leveraging unique aspects of their operations—such as service quality, customer relationships, and product offerings—to maintain a competitive advantage in the marketplace (Thompson & Frank, 2004). Kamau (2013) further reinforces this, stating that differentiation strategies such as personalized services and relationship management are crucial for enhancing customer loyalty and driving sales performance. Porter (1990) identifies service differentiation, including after-sales services and customer loyalty programs, as pivotal to improving a firm's market position and securing long-term competitive advantages.

However, a contradictory perspective is presented by Njoroge and Wairimu (2022), who argue that while relationship differentiation plays a role in sales performance, its effect may not be as substantial as other factors, such as price competitiveness or product innovation. Their study suggests that relying solely on relationship differentiation may not yield optimal sales outcomes, particularly in highly competitive retail sectors where pricing and operational efficiency are critical to success. Therefore, while relationship differentiation contributes positively to sales performance, it must be balanced with other strategic considerations to realize its potential benefits fully.

4.8 Joint Effect of Image, Service, and Relationship Differentiations on Sales Performance of Naivas Supermarket

Finally, this paper aimed to examine the moderation-mediation of image, service, and relationship differentiation on the sale performance of Naivas supermarket in Kenya. The respondents' reaction was elicited employing a 5-Likert scale whereby they rated their levels of agreement/disagreement with statements concerning their sales on the following scale: For all the questions, the response scale is as follows: 1 = I can't entirely agree 2 = I don't see it this way, 3 = I am Not Sure, 4 = I Agree or 5 = I Strongly Agree. Table 4.18 below depicts the mean scores the participants got after calculating the descriptive analyses.

Table 4.16: Descriptive Statistics for Sales Performance

Statements	**N**	**Mean**	**Std. Dev.**
Differentiation strategies have increased Sales volume.	171	4.73	.506
Differentiation strategies have increased Sales revenue.	171	4.55	.667
Differentiation strategies have increased the number of customers.	171	4.60	.684
Differentiation strategies have increased Customer preference for products in the supermarket.	171	4.80	.658

Source (Field Data, 2024)

The results in Table 4.18 show that all the questions yielded a mean value of 4.0 and above. Whether differentiation strategies increased Sales volume, the responses had a mean of 4.73. This showed that most respondents agreed that differentiation strategies increased the Sales volume of Naivas supermarket. Regarding whether differentiation strategies increased sales revenue, the responses had a mean of 4.55. This showed that the majority of the respondents also agreed with the statement that differentiation strategies increased Sales revenue. This was decided with Kadenyeka and Washika (2023), who analyzed differential strategies in commercial banks in Kenya.

Whether differentiation strategies increased customer volume at Naivas supermarket, the responses had a mean of 4.60. Most respondents agreed that differentiation strategies increased customer volume at Naivas supermarket. Whether differentiation strategies increased customer preference, the reactions had a mean of 4.80. This showed that most respondents also agreed that differentiation strategies increased customer preference. This supported the findings by Odongo and Motari (2022), who analyzed the service industry in Kenya.

Therefore, from the respective correlation analysis done through each of the independent variables on the sales performance of DK, it was realized that there existed a positive correlation between all the variables. Since there was a strong relationship, the study also found out how the three independent variables affected the dependent variable of sales performance. The result analyzed was based on the appropriate regression equation determined as the ordinal logistic regression model presented in table 4.19 above.

Table 4.17: Model Fitting

Model	-2 Log likelihood	Chi-square	Df	P value	Pseudo R-square	
Intercept	110.159				Nagelkerke	0.649
Final	98.284	11.053	3	0.015		

Source (Field Data, 2024)

The findings from Table 4.17 reveal that image, service, and relationship differentiation significantly predict sales performance, explaining 64.9% of the variation in Naivas supermarket's sales. These findings align with Donaldson (2011), who emphasizes that relationship differentiation—building strong customer connections—enhances a firm's competitive edge and improves sales outcomes. Similarly, Thanimlaksana (2010) supports that effective employee relationships motivate staff, resulting in higher customer service standards and increased sales volumes.

The theories provide additional support for these findings. Differentiation Theory (Porter, 1990) emphasizes that unique product and service offerings help businesses maintain competitive advantages. Resource-based theory (Barney, 1991) explains that firms with valuable, rare resources—such as strong customer relationships—achieve superior performance. Contingency Theory (Hofer, 2011) further supports the idea that the success of differentiation strategies depends on the specific market conditions and organizational structure.

However, Njoroge and Wairimu (2022) contradict these findings, arguing that differentiation strategies alone may not be sufficient in highly competitive sectors and that businesses must consider other factors, such as competitive pricing, to ensure sales growth.

The findings regarding the impact of image differentiation, service differentiation, and relationship differentiation simultaneously on sales performance are also presented in Table 4.20 below.

Table 4.18: Parameter Estimates

Variable	B	Std. Error	Wald Chi-square	Sig (p-value)	Exp(B)
Image differentiation	1.2884	0.3455	3.7291	0.002	3.627
Service differentiation	1.1793	0.3341	3.5298	0.012	3.252
Relationship differentiation	1.0303	0.318	3.240	0.027	2.802

Source (Field Data, 2024)

The results obtained in Table 4.18 specify that image, service, and relationship differentiation are Sale performer predictors in Naivas supermarket. More pointedly, first, there is a positive and significantly important relation between image differentiation and the likelihood of attaining higher image sales performances: The odds of such sales performances increase by a factor of 3.627 times for a unit increase in image differentiation, as depicted by the log odds =1.2884. Likewise, service differentiation results in an increased expected log odds of 1.1793 and odds of 3.252. Finally, there is some evidence that for every unit increase in relationship differentiation, the odds ratio rises to 2.802. These outcomes align with Wanjiru, Kihoro, and Wachira (2020) who aver that superior service differentiation leads to increased customer loyalty and sales, while Okwiri and

Sumba (2019) underscore the importance of image differentiation in improving customers' perception and sales performance.

The theoretical foundation of these findings is reinforced by Porter's Differentiation Theory, which asserts that creating unique value propositions enhances competitive advantage. At the same time, the Resource-Based Theory posits that leveraging unique organizational resources, such as strong customer relationships and distinctive service offerings, can lead to superior performance. Additionally, the Contingency Theory suggests that the success of differentiation strategies depends on adapting to specific market dynamics and customer needs.

Conversely, Owino and Orwa (2022) urgues that while differentiation strategies can enhance sales performance, they may not yield substantial results in highly price-sensitive markets, indicating that factors such as pricing and cost leadership can overshadow the effects of differentiation strategies.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter summarizes the study of how differentiation strategies affect Naivas Supermarket’s sales performance in Kenya. The paper also contains a conclusion, the authors’ recommendations, and proposals for supplementary investigation.

5.2 Summary of Findings

This study sought to assess the impact of various kinds of differentiation strategies on Naivas Supermarket's sales. Specifically, the study was guided by three objectives. It employed descriptive research design, with data being collected using closed ended quistionnairres. The analysis was based on simple and multiple ordinal logistic regression.

5.2.1 Image Differentiation

The first objective was to examine how image differentiation affects sales performance of Naivas Supermarket in Kenya. The results revealed that image differentiation, through branding, marketing, pricing, and customer image, affected the style, volume, returns, customer preference, and numbers. Concerning this proof, results confirmed that Naivas’ branding and store atmosphere increased customers’ patronage, as having a powerful brand image was an effective strategy for in-store location competition.

5.2.2 Service Differentiation

The second objective was to analyze how service differentiation affects sales of Naivas Supermarket in Kenya. When tested for statistical significance using simple and multiple logistic regression, the produced p-values were 0.014 and 0.012, respectively, lower than 0.05 and thus considered significant. These mean that order pricing time, mode of handling the customers, and total service offered influence sales success. Other benefits include better service dimensions, customer loyalty, sales revenue, and more critical market share for Naivas. It was concluded that the service differentiation component significantly affects sales performance.

5.2.3 Relationship Differentiation

The third organizational objective examined the mediating role of relationship differentiation on sales performance. Although the p-values from the simple and multiple logistic models were 0.31 and 0.27, respectively—indicating significance above the conventional threshold—the analysis still revealed insights into the role of relationship differentiation. This form of differentiation encompasses factors like customer relationship management and community engagement. While the relationship differentiation metrics did not show statistically significant effects, they did highlight the importance of maintaining strong customer and supplier relationships. Enhanced relationship strategies can foster customer loyalty, ultimately improving sales performance in the long term.

5.3 Conclusion

Based on the study results, the following conclusions were made regarding differentiation policies and the sales performance of Naivas Supermarket. First, it was ascertained that image differentiation positively impacts sales performance. He defined consumers as being naturally inclined towards brands that would provide a good value proposition. According to the data, the strategic branding and marketing activities would help Naivas appeal to its customers better and boost sales. Secondly, the research confirmed the literature by revealing that service differentiation is essential to sales performance. The developments of service excellence initiatives befit Naivas' strategy to make their consumers perfectly satisfied and loyal; the best in-store experiences are crucial to continuous sales growth. The supermarket segment has become the strategic focus of Naivas, and it has managed to enhance its available services consistently. The last dependent variable was sales performance, where the subjects confirmed relationship differentiation as worthy of their attention. This result proves that building and maintaining customer rapport merits resources to ensure consumers' loyalty. Marketing communications activities such as a personalized marketing communications campaign and community engagement require customer trust, creating a basis for exemplary sales performance.

5.4 Recommendations

Based on the conclusions drawn, several recommendations are proposed for Naivas Supermarket to enhance its sales performance further. First, given that image differentiation accounts for a substantial portion of sales performance, it is recommended that Naivas improve its pricing strategies, marketing efforts, customer experience, and business location to enhance sales volume. This can be achieved through targeted promotional campaigns and better store positioning to attract a broader customer base. Secondly, since service differentiation contributes significantly to sales performance, the organization should improve packaging services, order pricing times, and customer service and reduce waiting times. This can include training staff to ensure timely and effective service delivery and enhancing customer satisfaction and loyalty. Furthermore, Naivas must strengthen its relationships with customers, suppliers, employees, and sales representatives, as this improvement can positively impact sales performance. This can be accomplished by implementing customer loyalty programs and fostering a culture of collaboration and communication among all stakeholders.

5.5 Areas for Further Study

This study opens various avenues for future research. Firstly, researchers are encouraged to adopt a purely quantitative approach to measure sales performance indicators more precisely, aiding organizations in developing strategies to increase sales and profits effectively. Additionally, exploring external factors that may significantly influence sales performance—such as taxation and fuel prices—could provide a broader context for understanding sales dynamics in the supermarket sector. Moreover, given that this study focused on three differentiation strategies, it would be beneficial for future research to explore additional strategies not covered in this research, thereby enriching the literature on differentiation in retail. Lastly, conducting a similar study encompassing the entire population of supermarkets in Kenya could yield valuable insights and contribute to a more comprehensive understanding of differentiation strategies within the Kenyan retail market.

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APPENDIX I: QUESTIONNAIRE

The questionnaire below is meant for the collection of data for academic purposes. The study intends to find out the "effect of differentiation strategies on sales performance of Naivas supermarket in Kenya". Please tick or fill in the blank spaces as required. Your contribution will contribute greatly to the development of this study.

Variables of Differentiation Strategy

1. **Image Differentiation**

The following statements describe the adoption of Image differentiation strategies at Naivas supermarket. Please state the extent to which you agree with the statement.

Please place a cross (X) in the column which most closely reflects your view on the scale of 1-5. Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree

Statement on Image Differentiation	**5**	**4**	**3**	**2**	**1**
The supermarket Charges affordable prices compared to competitors.					
The supermarket has excellent customer experience.					
Product selection and sourcing is based on customer specification.					
Product selection is demand driven.					
We add value to our products through packaging.					
The supermarket is mostly located at bus terminus					
The supermarket is easily accessible by clients.					

Suggest any other strategy that has be used by Naivas Supermarket?

....

....

....

....

2. **Service Differentiation**

The following statements describe the adoption of service differentiation strategies at Naivas supermarket. Please state the extent to which you agree with the statement.

Please place a cross (X) in the column which most closely reflects your view on the scale of 1-5. Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree

Statement on service differentiation	**5**	**4**	**3**	**2**	**1**
Naivas has a short order processing time.					
Naivas has more and well-trained cashiers.					
Service delivery is timely at Naivas supermarket.					
Naivas supermarket offers online shopping services.					
There is promptness in handling customers complaints/inquiries.					
Naivas offer packaging services to clients.					
Customers are always satisfied with Naivas packing services.					

Suggest any other strategy that has be used by Naivas Supermarket?

....

....

....

....

3. **Relationship Differentiation**

The following statements describe the adoption of relationship differentiation strategies at Naivas supermarket. Please state the extent to which you agree with the statement.

Please place a cross (X) in the column which most closely reflects your view on the scale of 1-5. Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree

Statement on relationship differentiation	**5**	**4**	**3**	**2**	**1**
Naivas supermarket has excellent relationship with employees.					

Naivas supermarket has excellent relationship with sales representatives.					
Naivas supermarket does make timely payments to suppliers.					
Naivas supermarket offer promotional gifts to customers.					
Naivas supermarket provide excellent after-sales services to customers.					
Naivas supermarket attendants are well trained on excellent customer relations.					
Naivas supermarket has a customer care desk.					

Suggest any other strategy that has be used by Naivas Supermarket?

....

....

....

....

Part C: Sales Performance

This part of the questionnaire seeks to measure the level of Naivas Supermarket sales performance. To what extent are you agreeing that differentiation strategies have increased the following aspects of sales at Naivas supermarket.

Please place a cross (X) in the column which most closely reflects your view on the scale of 1-5. Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree

	5	**4**	**3**	**2**	**1**
Sales volume.					
Sales revenue.					
Number of customers.					
Customer preference of products in the supermarket.					

Part D: Sales Revenue and Sales Volume in Metrics (N/B Section to be filled by the chief Accountant or his representative only)

Period	**2018**	**2019**	**2020**	**2021**	**2022**
Sales Revenue (Ksh. Millions)					
Sales Volume (units in millions)					

Thank You!

APPENDIX II RESEARCH BUDGET

	Activity	Item	Cost (Ksh)
1.	Proposal writing	Typing, photocopying, printing, binding, travel, and website visits.	70,000
2.	Travel expenses	Traveling and accommodation during data collection/ analysis	90,000
3.	Publication	The publication fee for the final project	70,000
Total			**230,000**

APPENDIX III: INTRODUCTORY LETTER

Maasai Mara University

BOARD OF POSTGRADUATE STUDIES

OFFICE OF THE DIRECTOR

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5th December, 2022

RESEARCH PERMITS SECTION
NACOSTI
UTALII HOUSE

REF: LUCY M. NKONGE (REG. NO. MBA/1009/2015

We wish to confirm that the above named is a bona fide Masters student at Maasai Mara University pursuing Master of Science in Business Management in the School of Business and Economics. Her proposed research is '***Differentiation Strategy and its Effect on Sales Performance of Supermarkets in Kenya. A Case Study of Naivas Supermarket".*** She would like to apply for a research permit from NACOSTI before she can proceed for field work and data collection.

We further confirm that the candidate has adhered to all research protocol requirements of Maasai Mara University and the proposed research has been rated as having no known adverse impacts on the environment and does not pose any ethical concerns.

This is therefore to request your office to issue her with a research permit.

Faithfully yours,

MAASAI MARA UNIVERSITY
DIRECTOR

Prof. Romulus Abila, PhD.
Director, Board of Postgraduate Studies
abila@mmarau.ac.ke, https://orcid.org/0000-0001-8762-7153

APPENDIX IV: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 688632

Date of Issue: 23/December/2022

RESEARCH LICENSE

This is to Certify that Ms.. Lucy Mwendwa Mwendwa of Maasai Mara University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Narok on the topic: DIFFERENTIATION STRATEGY AND ITS EFFECT ON SALES PERFORMANCE OF SUPERMARKETS IN KENYA: A CASE OF NAIVAS SUPERMARKET for the period ending : 23/December/2023.

License No: NACOSTI/P/22/22908

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Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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