FACTORS INFLUENCING COMPETITION IN RETAIL MARKET IN KENYA:
A CASE STUDY OF UCHUMI SUPERMARKET.

BY

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REG NO. L123\15194\2006.

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR DIPLOMA IN BUSINESS MANAGEMENT NAIROBI UNIVERSITY.

MAY 2009.
DECLARATION

This is my original project work and has not been submitted for a Diploma in any other academic institution.

Sign ...................

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THIS PROJECT WORK HAS BEEN SUBMITTED FOR EXAMINATION WITH MY APPROVAL AS A UNIVERSITY SUPERVISOR.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Retailers in this study are defined as firms which link consumers to the producers or wholesalers in the business environment. Most of the retailers specialize on one type of product, while other retailers sell all kinds of products under the same roof. Examples of retailers are supermarkets, shops, convenience store, hyper stores and kiosks.

Trade liberalization not only widened the market for goods and services but also accelerates competition. Kottler (1996) believes that competition which is virtually present in nearly all markets, industry and countries across the globe is mainly driven by forces such as overcapacity and deregulation. Porter (1998) argues that intense competition from all corners of the world is unlikely to slacken but instead intensify in this and the next century.

The deregulation of the Kenyan retail industry along side other economic reforms undertaken by the government has resulted into increase of competition. This brings in the question of major factors that influence competition in retail industry and remedies to cope up with competition.

Supermarkets are large, low-cost, low-margin, high-volume, self-service stores that sell a wide variety of food, laundry and household products. Some of the supermarkets in Kenya include Uchumi Supermarket, Tuskys, Nakumatt, Ukwala, and Woolmatt Supermarket among others.

Uchumi Supermarket Limited which is the focus of this study is among the largest commercial retailing companies in Kenya, employing over a 1000 employees. Currently,