

# **MARKETING STRATEGIES, INDUSTRY COMPETITION AND EXPORT PERFORMANCE OF FRESH PRODUCE IN KENYA**

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## **ABSTRACT**

The main objective of the study was to examine the moderating role of industry competition on the relationship between marketing strategies and export performance. Findings from the study build on the industry organization theory which postulates that long term profitability and attractiveness of an industry can be explained by the strength of all five forces together. A census survey was carried out on all the 100 fresh produce firms that were ordinary members of the Fresh Produce Export Association of Kenya (FPEAK) as at 31<sup>st</sup> June 2019. The study utilized a positivist approach. Primary data were collected using a structured questionnaire. A descriptive cross-sectional study design was adopted. Findings of descriptive statistics revealed that the fresh produce industry could be perceived as an industry that is easy to join as characterized by low barriers to entry and low start-up costs. Results of hierarchical multiple regression model revealed that industry competition significantly moderate the link between marketing strategies and export performance. This research recommends that managers should identify opportunities and threat within the industry and subsequently use this information to formulate marketing strategy.

**Keywords:** Marketing Strategies, Industry Competition, Export Performance

## **1.0 Introduction**

Growth in international trade as well as advancement in technology has led to the progressive disappearance of borders and government imposed barriers to trade. As a result, more firms are increasingly pursuing international markets to safeguard their market position, increase market share as well as boosts corporate revenue in the long term (1). Exports represent a critical component of a nation's balance of payments and is associated with increased employment opportunities, foreign exchange as well as improved living standards (2). However, liberalization of trade, increased competition has resulted to turbulent environmental conditions making the formulation of marketing strategies a challenge (3). As such, there is growing interest among business firms to understand the key determinants of success in foreign markets (4).

Industry as described by Pearce (5) refers to a collection/group of firms offering goods/services that are close substitutes. Competition can be characterized as a series of actions aimed at achievement of a goal by one actor, while restraining its rivals from accomplishing their goals (6). Vickers (7) describes competition as rivalry between players striving for something that all cannot obtain or possess. Porter (8) further opines that competition acts as a selection mechanism where inefficient incumbents are removed and resources allocated to their best use. One of the most common tools used to measure competition is the Porter's five force model (9). By understanding the five competitive forces firms are able to determine profitability prospects of firms within an industry.

## **2. Empirical Literature**

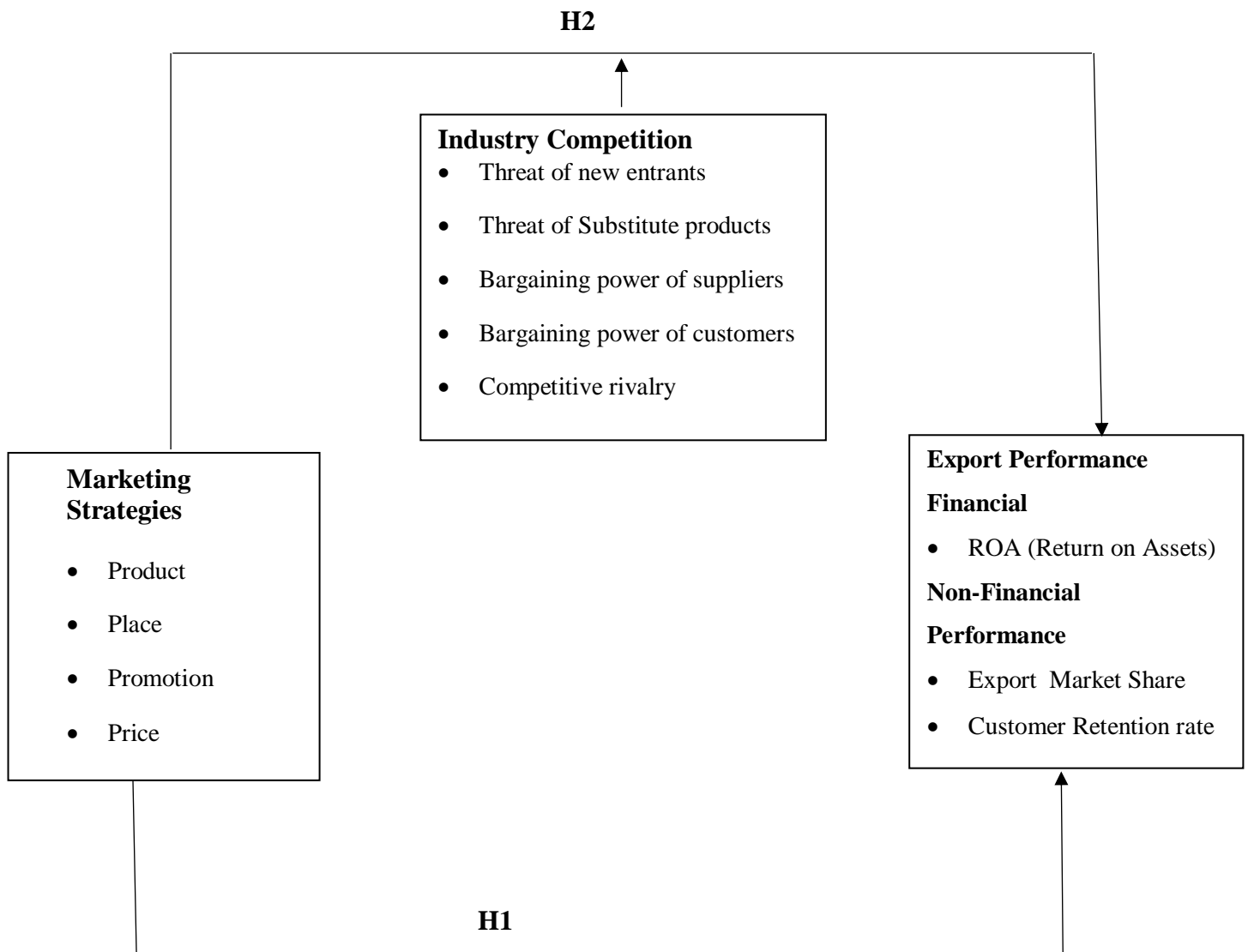
Empirical literature on the moderating role of industry competition on the marketing strategy and export performance relationship presents mixed and inconsistent findings. In the United Kingdom, Jayawarna (10) conducted an exploratory study on 128 entrepreneurs living in United Kingdom. Results confirmed that increased market competition influenced the link between marketing strategies and performance. Similarly, Nickell (11) collected 670 survey responses from U.K manufacturing companies. Findings provided in the study established that industry competition was associated with a higher corporate performance. Study by Nickell (11) investigated the direct link between industry competition and performance while current study investigated industry competition as a moderating variable.

Elsewhere in Malaysia, Ong (12) collected data from 517 SME's to investigate the moderating role of industry competition on the relationship between competitive advantage and export performance relationship. Evidence from research established that the link between competitive advantage and firm performance was significantly moderated by industry competition. Likewise, analysis of 105 Indian based service providers by Lahiri (13) established that competitive intensity positively moderates internal resources and firm performance. These two studies were however conducted in emerging markets which experience different economic, political and social environment.

In Thailand, Suksri, (14) collected data from 154 hotels in Samui Island. Results from the study revealed that competitive intensity did not significantly moderate the competitive advantage and performance link. These findings were however confined to the hotel industry in Thailand. Similar results were reported by Ondari (15) who studied the moderating role of industry competition on the diversification strategy and performance link of 35 firms listed in the Nairobi Securities Exchange. The study by Ondari (15) was however conducted in the financial industry, while current study was in the fresh produce industry which is a different environment.

A study of 35 state corporations in Kenya by Otieno (16) revealed that the competitive environment did no moderate the link between strategy and performance. However, this study had a small sample size and findings were confined to state corporations in Kenya. Although empirical studies on the moderating role of industry competition exist, majority of the studies were conducted in developed economies, different industries, had small sample or were exploratory in nature. Consequently, the moderating role of industry competition on the marketing strategy and export performance link remains unanswered.

### 3.0 Conceptual Model



According to the conceptual model in figure 3.0, marketing strategies is the independent variable and has a direct and positive relationship with export performance which is the dependent variable. The framework further indicates that industry competition moderates the marketing strategies and export performance link.

The following are the conceptual hypotheses developed from the relevant literature and conceptual framework:

**H<sub>1</sub>**: Marketing Strategies have no statistically significant effect on Export Performance.

**H<sub>2</sub>**: Industry Competition does not significantly moderate the relationship between Marketing Strategies and Export Performance

#### **4.0 Research Methodology**

This research adopted a descriptive cross-sectional research design for various reasons. First, descriptive studies allowed researcher to collect data from a sizeable population and identify hidden patterns/characteristics of the phenomena in question using a profile of factors (17). Secondly, it allowed researcher to generate hypotheses, identify possible research questions for further investigation. It also established strength of relationship between variables without inferring causality. The Chief Executive Officers, Managing Directors or Top line Managers in charge of export operations were the key informants in each fresh produce company. The choice of respondents was influenced by their roles within the firms, which indicated that they had the knowledge and understanding about the firm's marketing strategies and their relationship with the study key variables. Out of the 90 questionnaires dispatched, only 69 questionnaires were returned, translating to a total of 76.7 % response rate. This was considered adequate and compares well with other studies on export performance. Brouters, (18) who studied 112 Greek owned companies obtained a response rate of 34%. Julian (19) studied 122 Queensland export ventures had a response rate of 18 %.

#### **5.0 Operationalization of the Study Variables**

Each study variable was operationalized using measures developed from previous studies. Export performance is the outcome variable and was measured using subjective/perceptual measures as has been used in several other studies (20, 21). Several factors support use of subjective measures first, differences in market characteristics, technology intensity may lead to unfair comparison of financial data which may have different meaning to the various firms. Secondly, most studies adopt perceptual measures to measure financial performance since secondary information is often not available for public consumption (22, 23).

Marketing strategies is the independent variable and was measured using 28 attitudinal attributes adopted from previous studies (24, 25). However, several modifications were made to take into account specific characteristics within the fresh produce industry. Industry competition is the moderating variable and was conceptualized using the INDUSTRUCT scale which is made up of the five competitive forces (26, 27). To test hypothesis H<sub>2</sub>, which predicted that industry

competition (IC) did not significantly moderate the marketing strategies (MS) and export performance (EP) relationship, hierarchical multiple regression was adopted.

## **6.0 Descriptive Statistics for Industry Competition**

Porter's five model allows analyst to determine the profit potential within an industry and also determine the best strategy to counter the strongest industry force. Based on the work of Pecotich (26), bargaining power of buyers, bargaining power of sellers, threat of new entrants, threat of substitute, rivalry amongst existing firms were used to determine intensity of competition and attractiveness of industries. Respondent's responses were rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. The pertinent results were analyzed using mean score, standard deviation (SD) as well as coefficient of variation (CV) and the results presented in the following subsections.

### **6.1 Bargaining Power of Buyers**

The power of buyers describes the ability of customers to impose pressure on businesses to lower prices, demand higher quality goods or better service (28). Within the fresh produce industry, bargaining power of buyers was measured using five question items. Each attribute was rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. A high mean score suggested high bargaining power, while a low mean score assumed low bargaining power. Table 1.0 depicts a summary of the findings.

**Table 1.0 Mean Score, Standard Deviation and Coefficient of Variation for Measures of Bargaining Power of Buyers**

<b>Bargaining Power of Buyers</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
1. Buyers in the industry dictate terms that companies offer	69	4.07	1.062	26.09
2. Buyers in the industry demand better services	69	3.91	0.78	19.97
3. Buyers and buyer groups are very powerful in the industry	69	3.90	0.89	22.92
4. There is a small number of buyers in the industry that form a large proportion of our industry's sales	69	3.75	0.90	25.93
5. Buyers in the industry's products are in a position to demand concessions and large discounts	69	3.41	0.86	23.31
<b>Average Score</b>	<b>69</b>	<b>3.81</b>	<b>0.90</b>	<b>23.65</b>

Source: Primary Data (2020)

The output exhibited in Table 1.0 shows that respondents seemed to agree that within the fresh produce industry buyers “dictate terms that companies offer them” and “also buyers demand better services”. These findings suggest a strong degree of bargaining power as depicted by the high mean score on item 1 and 2 (M = 4.07, M=3.91) respectively. A possible explanation would be buyers in Europe determine the products that get to enter the market by imposing Good Agricultural Practices (GAP). Similarly, respondents also agreed that there was a small number of buyers who form a large proportion of the sales as suggested by the high mean score of (M = 3.75). This too is a characteristic of strong bargaining power. Ability to demand concession and large discounts had a high mean score of (M = 3.41). The above characteristics affirm the assumption that degree of buyer power within the fresh produce industry was high.

## 6.2 Bargaining Power of Suppliers

Suppliers are a threat to profitability within an industry when they are able to charge higher prices, reduce product availability or lower quality of products (27). Within the fresh produce industry, bargaining power of suppliers was measured using five question items. Each attribute was rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. Results were analyzed using mean score, standard deviation and coefficient of variation. A high mean score indicated high bargaining power of suppliers, while a low mean score suggest low bargaining power of suppliers.

**Table 2.0: Mean Score, Standard Deviation and Coefficient of Variation for Measures of Bargaining Power of Suppliers**

<b>Bargaining Power of Suppliers</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
1. The suppliers' products/offerings are an important input into the company's products/ offerings	69	4.26	0.68	16.0
2. In this industry, the suppliers' product quality has great effect on quality of the company's products	69	3.45	1.16	33.6
3. The industry has a small number of suppliers who contribute to a large proportion of the industry's inputs	69	1.99	0.83	27.76
4. The suppliers' / supplier groups in the industry are very powerful	69	1.45	0.80	32.65
5. Suppliers in the industry demand and gain high concessions	69	1.93	0.69	35.8
<b>Average Score</b>	<b>69</b>	<b>2.62</b>	<b>0.83</b>	<b>27.48</b>

Source: Primary Data (2020)

The output displayed in Table 2.0 shows that participants seemed to agree that suppliers products made significant contribution to the company's products/ offerings as shown by the high mean score (M = 4.26, SD = 0.68, CV= 16.0) .On whether supplier's product quality had great effect on quality, respondents seemed to agree as depicted by the high mean score (M = 3.45, SD= 1.16, CV= 33.6).



However, on the question of industry has a small number of suppliers who contribute a large proportion of industry inputs. Respondents seemed to disagree that within the fresh produce industry there exists a small number of potential fresh produce suppliers making it is difficult for suppliers within the industry to demand and gain high concessions as shown by the low mean score ( $M = 1.93$ ,  $SD = 0.69$ ,  $CV = 35.8$ ) on item 5.

### 6.3: Threat of Substitutes

Threat of substitutes occurs when there are products with lower prices that can perform similar function. Within the fresh produce industry, threat of substitutes was measured using five question. Each attribute was rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. The results were analyzed using mean score, standard deviation and coefficient of variation (CV) and the findings summarized in Table 3.0. A high mean score indicated threats from substitutes was strong, while a low mean score indicated that threats from substitutes was low.

**Table 3.0: Mean Score, Standard Deviation and Coefficient of Variation for Measures of Threat of Substitutes**

<b>Threat of Substitutes</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
1. The products in the industry have intrinsic characteristics from which it is difficult to find substitute	69	3.01	.74	38.7
2. There is considerable pressure from substitute products in the industry	69	1.87	.64	34.2
3. All companies in the industry are aware of the strong substitutes that are easily available to our customers	69	1.77	.55	31.1
4. The needs that the industry products satisfy may be easily satisfied by products from many other sources and industries	69	1.62	.89	54.9
5. The availability of substitute products in the industry limits the potential return on investment in the industry	69	2.96	.58	39.7
<b>Average Scores</b>	<b>69</b>	<b>2.25</b>	<b>0.7</b>	<b>39.7</b>

Source: Primary Data (2020)

The output displayed in Table 3.0 shows that participants agreed that fresh produce had intrinsic characteristics making it difficult to find substitutes represented by a mean score ( $M = 3.01$ ,  $SD = .74$ ,  $CV = 38.7$ ). Respondents also agreed that within the fresh produce industry pressure from substitutes was relatively low as suggested by the mean score ( $M = 1.87$ ,  $SD = .64$ ,  $CV = 34.2$ ). On availability of substitute products, respondents agreed that substitutes were not easily available as suggested by the mean score ( $M = 1.77$ ,  $SD = .55$ ,  $CV = 31.1$ ) and that it was difficult to get satisfaction from other sources ( $M = 1.62$ ,  $SD = .89$ ,  $CV = 54.9$ ). The above characteristics suggest that threat of substitutes was relatively low. A possible explanation would be fresh produce provide essential nutrients that cannot be found in substitute products.

#### **6.4: Threat of New Entrants**

Threat of new entry refers to the ability of new, direct competitors to enter into an industry. According to Mintzberg (29) companies depend on strategies such as customer loyalty, product differentiation, capital intensity as some of the factors that may hinder entry. In this study, threat by new entrants was measured using six question items. Each attribute was rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. Table 4.27 depicts a summary of the findings. A high mean score suggest that threat by new entrants is low, while a low mean suggest that threat by new entrants is high.

**Table 4.0: Mean Score, Standard Deviation and Coefficient of Variation for Measures of Threat of New Entrants**

<b>Threat of New Entrants</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
1. Setting up a company within this industry requires large start-up costs in form of finances, research and development, capital and human resources	69	1.97	0.92	46.7
2. New companies joining the industry must spend a lot of resources on research and development	69	1.81	0.71	39.2
3. New entrants into the industry have to spend heavily to build their brands and overcome existing brand loyalties	69	1.83	0.95	52.13
4. New companies have to enter at a highly visible level to be recognized by customers	69	1.97	0.84	42.6
5. New companies entering the industry as small scale firms must accept a considerable cost advantage	69	3.07	1.01	37.34
6. Established companies in our industry have substantial resources which are used to prevent entry of new competitors	69	1.99	0.83	41.76
7. Established companies in our industry have substantial resources which are used to prevent entry of new competitors	69	2.25	1.22	54.13
<b>Average Score</b>	<b>69</b>	<b>2.12</b>	<b>0.93</b>	<b>44.8</b>

**Source: Primary Data (2020)**

The results in Table 4.0 reveal that respondents disagreed on the question that setting up a company within the fresh produce industry requires large start-up costs as shown by the mean score ( $M = 1.97$ ,  $SD = 0.92$ ,  $CV = 46.7$ ). Respondents further disagreed that new entrants had to spend lots of resources on research and development ( $M = 1.81$ ,  $SD = 0.71$ ,  $CV = 39.2$ ). On the question of firms must spend heavily to build brands and overcome existing brand loyalties, respondents also disagreed as represented by the mean score ( $M = 1.83$ ,  $SD = 0.95$ ,  $CV = 52.13$ ). That could explain the existence of many small and medium enterprises (SME's) within the fresh produce Industry, since it was relatively easy for firms to enter/exit the fresh produce industry.

## 6.5: Intensity of Rivalry

Rivalry amongst firms describes degree to which competing firms put pressure on one another. Within the fresh produce industry rivalry amongst firms was measured using six question items. Each attribute was rated on a scale ranging from 1- 5 where (1) represented not at all and (5) depicted very large extent. The results were analyzed using mean score, standard deviation and coefficient of variation (CV). A high mean score indicates high rivalry among competing firms while a low mean score shows slow rivalry among competing firms.

**Table 5.0: Mean Score, Standard Deviation and Coefficient of Variation for Measures of Intensity of Rivalry**

<b>Intensity of Rivalry</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
1) Price competition is highly intense and price cuts are quickly and easily matched in the industry	69	3.64	0.94	25.82
2) Anything that one competitor can offer the market, others can readily match	69	3.07	1.48	48.21
3) Companies in the industry compete intensely to hold/increase their market share	69	2.62	1.06	40.46
4) Competitors react fast to moves by any single company within the industry	69	2.55	0.80	31.37
5) Advertising battles occur frequently and with high intensity in the industry	69	1.74	1.07	61.49
6) Competition in the industry is described by terms like 'war-like', 'bitter', and 'cutthroat	69	1.42	0.78	54.93
7) There are many promotion wars in the industry	69	1.39	0.54	38.85
8) Firms within the industry have massive resources for vigorous and sustained competitive action and retaliation against competitor	69	1.39	0.52	37.41
<b>Average Score</b>	<b>69</b>	<b>2.23</b>	<b>0.90</b>	<b>42.32</b>

Source: Primary Data (2020)

The output in Table 5.0 shows that participants seemed to agree that anything that one competitor offered the market, others could easily match as represented by the high mean score ( $M = 3.07$ ,  $SD = 1.48$ ,  $CV = 48.21$ ). This could be attributed to similarity in the product offering and low level of product differentiation. According to Hill and Jones (2012) when entry to an industry is relatively easy, competition rivalry is likely to be high and firms engage in highly intense price wars as suggested by the high mean score ( $M = 3.64$ ,  $SD = 0.94$ ,  $CV = 25.82$ ). On advertising battles, promotion wars and competition being described as “war like” bitter and cut throat respondents seemed to disagree. A possible explanation would advertising battles, promotion wars may prove to be more expensive in international markets than in the domestic context.

### 6.6: Summary of Industry Competition

The strength of all the five forces together determines profit potential of the firm either by influencing costs, prices and initial amount required to invest. The profit potential in every industry is different since it is determined by the collective strength of all the five forces. The output in Table 6.0 displays a summary of the proxies used to measure industry competition.

**Table 6.0: Mean Score, Standard Deviation and Coefficient of Variation for Measures of Industry Competition**

<b>Industry Competition</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>CV (%)</b>
Bargaining Power of Buyers	69	3.81	0.90	23.62
Bargaining Power of Suppliers	69	2.62	0.83	31.67
Intensity of Rivalry,	69	2.23	0.90	40.35
Threat of New Entrants	69	2.12	0.93	43.85
Threat of Substitutes	69	1.73	0.70	40.46
<b>Average Score</b>	<b>69</b>	<b>2.50</b>	<b>0.69</b>	<b>35.99</b>

Source: Primary Data (2020)

The output in Table 6.0 shows that all Porters five forces jointly influence industry competition with a mean score ( $M = 2.50$ ,  $SD = 0.69$ ,  $CV = 35.99$ ). However, bargaining power of buyers had the highest mean score ( $M = 3.81$ ,  $SD = 0.90$ ,  $CV = 23.62$ ) and was therefore considered the most

significant force when formulating marketing strategies among fresh produce firms. Based on the above findings, the Porters five competitive forces were considered important in formulating marketing strategies within the fresh produce industry.

## **7.0 Marketing Strategies, Industry Competition and Export Performance**

Hierarchical regression analysis was used to establish the moderating role of industry competition on the marketing strategies and export performance link. According to Easterby-Smith (30) hierarchical multiple regression is a model for analysis which involves adding predictor variables in steps to establish whether addition of potential moderator has a significant increase in (R squared). Henseler (31) defined a moderator as a variable that affects the direction/and or strength between the independent and dependent variable. In step 1, the composite scores of marketing strategies were regressed on export performance. In step 2, composite scores of both marketing strategies and industry competition were regressed on export performance. Step 3, the composite score for the variables marketing strategies, industry competition and the interaction term were regressed on export performance. Interaction term was computed by standardizing the variables marketing strategies and industry competition and thereafter multiplied (32).

The model was stated as

$$EP = \beta_0 + \beta_{10}MS$$

$$EP = \beta_0 + \beta_{10}MS + \beta_{11}IC + \varepsilon$$

$$EP = \beta_0 + \beta_{10}MS + \beta_{11}IC + \beta_{12}MS * IC + \varepsilon$$

Where:

EP = composite score of export performance

MS = composite score of marketing strategies

IC = composite score of industry competition

$\varepsilon$  = Error term

The sub sequent tables provide a summary of the findings.

**Table 7.0: Model Summary on the Moderating Effect of Industry Competition on the Marketing Strategies and Export Performance Relationship**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig F change
1.	.349 <sup>a</sup>	.122	.109	.981	.122	9.281	1	67	0.003
2.	.459 <sup>b</sup>	.210	.186	.937	.089	7.406	1	66	0.008
3.	.506 <sup>c</sup>	.256	.222	.916	.046	4.016	1	65	0.030

Source: Primary Data (2020)

1. Predictors: (Constant), Marketing Strategies,
  2. Predictors: (Constant), Marketing Strategies, Industry Competition
  3. Predictors:(Constant), Marketing Strategies, Industry Competition, MS Centered\*IC Centered
- Dependent Variable: Export Performance

The data contained in Table 7.0 reveals that when marketing strategies were regressed on export performance the model 1 was positive and significant (R square =.122, F =9.281 P < 0.05). Model 2 indicates that when industry competition was added, R<sup>2</sup> increased by .089 from .122 to .210 and the increase was statistically significant suggesting that both marketing strategies and industry competition explain 21.0 % of variation in export performance. Upon introduction of the interaction term, R<sup>2</sup> increased by 0.46 (from .210 to .256) and the model remained significant with p value =0.030. Consequently, the null hypothesis was therefore rejected in favor of the alternative hypothesis which states that industry competition significantly moderates the association between marketing strategies and export performance.

**Table 8.0: ANOVA Results on the Moderating Effect of Industry Competition on the Marketing Strategies and Export Performance Relationship**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1.	Regression	17.961	1	8.930	9.281	.003 <sup>b</sup>
	Residual	7.53	67	.962		
	Total	25.490	68			
2.	Regression	18.428	2	7.717	8.787	.000 <sup>c</sup>
	Residual	7.07	66	.878		
	Total	25.490	68			
3.	Regression	19.026	3	6.269	7.464	.000 <sup>d</sup>
	Residual	6.47	65	.840		
	Total	25.490	68			

Source: Primary Data (2020)

1. Predictors: (Constant), Marketing Strategies,
2. Predictors: (Constant), Marketing Strategies, Industry Competition,
3. Predictors: (Constant), Marketing Strategies, Industry Competition, MS Centered\*IC Centered

**Dependent Variable: Export Performance**

The ANOVA statistic model in Table 8.0 indicates that the overall model is statistically significant since the p – value, for the model 1, 2 and 3 were less than  $p < 0.05$ .



**Table 9.0: Coefficient Results on the Moderating Effect of Industry Competition on the Marketing Strategies and Export Performance Relationship**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1. (Constant)	-.900	1.277		-.704	.484
Marketing Strategies	1.508	.347	.349	3.046	.003
2 (Constant)	-1 .561	1.244		-1.255	.214
Marketing Strategies	-.996	.332	.328	2.996	.004
IC	.297	.109	.298	2.721	.008
3. (Constant)	-1.804	1.223		-1.475	.145
Marketing Strategies	1.084	.328	.358	3.305	.002
IC	.292	.107	.293	2.729	.008
MS*IC	-.311	.155	-.216	2.004	.030

**Source: Primary Data (2020)**

- 1) Predictors: (Constant), Marketing Strategies,
- 2) Predictors: (Constant), Marketing Strategies, Industry Competition,
- 3) Predictors: (Constant), Marketing Strategies, Industry Competition, MS Centered\*IC Centered

**Dependent Variable: Export Performance**

The results in Table 9.0 indicate how each of the independent variables contributes to the overall model. The regression coefficient indicate that marketing strategies significantly predicted export performance (Beta =.358, t =3.305, p = 0.02). Followed by Industry competition which significantly predicted export performance (Beta =.293, t =2.729, p = 0.08). The interaction term (MS \*IC) was statistically significant to export performance (Beta =-.216, t =2.004, p =.030). The overall regression model that explains the variations in export performance due to the moderating influence of industry competition was stated as:

$$\text{Model: } Y = \beta_0 + \beta_{12}MS + \beta_{13}IC + \beta_{14}MS * IC + \varepsilon$$

$$Y = 1.084 + .358MS + .293IC - .216MS * IC$$

The standardized beta values suggests that the marketing strategies and export performance link is positive and statistically significant. When industry competition is introduced the relationship remains positive and statistically significant. However, when the interaction term (MS \*IC) is introduced there is a negative association between the interaction term and export performance. Among the predictor variables marketing strategies is said to make the largest contribution followed by industry competition and lastly the interaction term.

## **7.0 Discussion of Findings**

Objective two of this study sought to investigate the moderating role of industry competition on the link between marketing strategies and export performance of fresh produce firms. Industry competition was conceptualized using Porter's Five Forces Model. Results from the hierarchical regression analysis demonstrated that when the interaction term between marketing strategies and industry competition was introduced, there was an increase in R Square and the increase was found to be statistically significant; suggesting that industry competition moderates the marketing strategy and export performance link. These findings are in line with (12) who reported that the five industry competitive forces moderate the competitive advantage and firm performance link.

The significant but negative interaction effects of industry competition on the marketing strategy and export performance relationship suggest that when industry competition is high, marketing strategies became an important source of competitive advantage for superior export performance. One possible reason could be that export of fresh produce could be considered a lucrative business, thus attracting a large number of fresh produce firms. Findings from the descriptive analysis further suggest that the fresh produce industry could be perceived as easy to join as characterized by low barriers to entry, low start-up costs resulting to a large number of fresh produce firms, who are small in size. Consequently, exporter's find it easy to switch from one firm to another, owing to the low products differentiation and unknown brands. Close scrutiny of the descriptive statistics, suggest presence of strong buyer bargaining power as manifested by ability to make large purchases, demand for quality product, concessions and discount. In this respect, Kenyan fresh produce firms should mitigate industry competition by choosing to invest in innovation and technology thereby undermining competitors' actions.

## **8.0: Conclusion**

This thesis examined the moderating role of industry competition on the link between marketing strategies and export performance. Study outcome revealed that industry competition significantly moderates the link between marketing strategies and export performance. Nevertheless, the beta coefficient was negative suggesting that a unit increase in the predictor variable is associated with a decrease in the outcome variable (export performance).

## **9.0: Suggestions for Future research**

This empirical study was a cross –sectional research design. For a more in-depth understanding future studies should examine the relationships between marketing strategy, firm characteristics, industry competition and export performance over a long time period of time. Secondly, although findings in this thesis contribute to the relationship between marketing strategies and export performance and the moderating role of industry competition in this relationship. A broader study that includes more developing countries/multiple industries would provide an important extension to this study and would also help in the generalization of research findings.

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