INNOVATION AND SUSTAINABLE COMPETITIVE ADVANTAGE IN KENYA: A CASE STUDY OF EAST AFRICAN BREWERIES LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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SUMMER 2018
STUDENT’S DECLARATION

This project report is of my original design and has not been presented for evaluation in any other academic institution, college or university other than the United States International University-Africa in Nairobi for academic credit award.

Signed:…………………………………….. Date:…………………………………………………………

Peter Odhiambo Mungla (Reg No: 645532)

This research project has been submitted for examination with my permission as supervisor.

Signed:……………………………………. Date:…………………………………………………………

Dr. Juliana Namada

Signed:………………………………………. Date:…………………………………………………………

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ABSTRACT

The purpose of the study is to focus on how East African Breweries Ltd uses innovations to create and sustain its competitive advantage against rivals in the market. The research project mainly conducted an in-depth analysis of the impact of innovation on sustainable competitive advantage. The Alcohol and Beverage Industry can be described as very dynamic and competitive due to the various innovations introduced into the industry. This is because the changes in the business climate are driven by technological advancements this renders certain aspects obsolete as efficiency is increased. The organizations traditional methods have experienced a significant impact due to the introduction of these innovations.

The research was conducted based on three key innovation dimensions which were: establishing the effect of product innovation on sustainable competitive advantage in EABL, establishing of the effect of market innovation concerning sustainable competitive advantage in EABL and finally the establishment of the effect of process innovation with regards to process innovation in EABL. The study drew insights from other analyses, journals, scholarly articles and case studies of innovation. It however employed the use of descriptive research design whereby the population concerned were employees at EABL. The employees were targeted using stratified random sampling whereby the population was narrowed down to 71 respondents. Out of the 71 respondents, only 37 of them responded. The main instrument of data collection and analysis in this study were questionnaires.

Several general observations were made and it was through these observations that arguments were deducted. The findings of the study showed that innovation had a direct impact on EABLs sustainable competitive advantage. Organizations must embrace innovation and fully understand its implications or risk being redundant. Some of the ways EABL sought to do this was through the creation of new products regardless of the high risk of failure that comes with product innovation. EABL used its marketing practices to leverage the marketing concepts and research in order to influence the outcomes of novel products and innovation. This enabled it to easily analyze and determine the market attractiveness of their products and services towards customers through gauging the consumer’s feedback. It was also found that EABL sought out process innovations, which acted as a corner stone for service improvement, and enabled them to enhance their overall efficiency and performance against rivals in serving their customer base.
In conclusion the new products introduced to the market acquired new customers whereas old products were modified from time to time in order to retain their customer base by adjusting to their newly developed needs. The marketing innovation strategies were employed which in turn further enhances EABL's understanding on the pricing architectures concerning the constantly changing business environment and its customers need and wants. When it came to the issue of process innovation it was concluded that EABL eliminates work processes that have been made obsolete by the dynamic business climate. This is because the major challenge that their managers faced was the obliteration of work processes that had no value to the organization as a whole. This in turn enabled EABL to compete favorably in the market hence sustaining its competitive edge against its rivals.

The recommendation for this study was that EABL should invest more in innovative practices as a whole this is with regards to studying their target market and emerging trends in order to tailor their products to the wants and need of their customers. EABL must also ensure that they maintain a ready pipeline of products to be launched in order to stay steps ahead of their rivals in meeting consumer demands. With regards to innovative marketing practices their ad campaigns must be highly targeted and unique in order to help them penetrate the noise created by marketing ads from rival companies. The main reason being customers are constantly bombarded with these messages on a daily basis and suffer from information overload thus filter most of them. In addition to this by incorporating this ecological aspect into its process innovations it creates as a very distinct sustainable competitive advantage and barrier of entry against its rivals in the same industry. It gives the organization leeway with regards to future environmental regulations, the government and society at large.
ACKNOWLEDGEMENT

I would like to thank the Lord Almighty for letting me experience this journey. I would also like to acknowledge my family and friends for the support they have given me during this period both financially and psychologically. I also acknowledge the support and the guidance received from Dr. Juliana Namada. It is through her guidance that I have acquired the knowledge and expertise to complete this project.
DEDICATION

This research project is dedicated to my parents and friends for supporting me throughout the whole program. May the Lord bless the work of your hands.
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>TA</td>
<td>Technology Acquisition</td>
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<td>BPR</td>
<td>Business Process Reengineering</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>EABL</td>
<td>East African Breweries Limited</td>
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<td>TBL</td>
<td>Tanganyika Breweries Limited</td>
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<td>KBL</td>
<td>Kenya Breweries Limited</td>
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<td>DRC</td>
<td>Democratic Republic of Congo</td>
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<td>CGI</td>
<td>Central Glass Industries Limited</td>
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<td>B2B</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

A sustainable competitive advantage is an attribute that enables a firm to outperform its rivals in the long-term (Porter, 1985). The business strategy of the organization will mainly revolve around it manipulating the resources in which it can directly control to generate the long-term edge over its rivals (Reed & DeFillippi, 1990). With regards to the business process it is found that the management process is what is responsible for the creation of the sustainable competitive advantage (Jagdev et al. 2002). According to Michael Porter (1985) the two main ways a firm can achieve sustainable long-term competitive advantage over its competition is through a differentiation advantage or a cost advantage.

Cost advantage is when a business provides products and services at a lower cost than its competitors, this is due to the fact that they don’t have any form of sustainable competitive advantage to compete with other than price. On the other hand differentiation advantage is sustainable since it is characterized by difficulty in mimicking, uniqueness, superiority to the competition and applicability in multiple scenarios (Neely, 2002). These qualities give the organization the added benefit of selling their products and services at premium prices (Stutz & Warf, 2009). When the competencies of an organizations enable it to have a long term edge over its rivals it can then be described as sustainable competitive advantage, this will in turn enable the organization in the long term to defend itself against its rivals while at the same time securing its customers (Prahaland & Hamel, 1990).

The creation of a sustainable competitive advantage is achieved through identifying the customers values and then determining the abilities (competency) that an organization must obtain to enable it to satisfy its customers need at a much higher level than its rivals in the same industry or market (Porter, 1985). This results in brand loyalty and customer preference for these specific products and services especially when the strategies implemented by the firm are not being employed by any current or potential firms in the industry, it makes the firm highly stand out in the eyes of its competitors (Clulow et al. 2003). Although there are several frameworks for performance measurement and benchmarking none of them offer an approach to measure a business’s ability to sustain its competitive advantage (Neely, 2002).
Usually when the conditions in a business environment evolve most firms find their former approaches, which in the past led the firm to success, no longer effective and thus require flexibility in altering their strategies (Gorchels, 2012). Technological advances tend to drive global economic growth and this has resulted to businesses becoming both victims and beneficiaries (McKinsey & Company, 2013). Innovation in nonprofessionals’ terms is defined as a new idea device or method with regards to fields like economics, management science, and other related to analysis. However, when expounding on the concept of innovation its evident it’s a very ambiguous term with different and often conflicting definitions with varying implications based on the different fields or organizations and the individuals in them (Frankelius, 2009).

Innovations share similarities with inventions in that they are original and more effective (McKinsey & Company, 2013). The distinguishing factor between the two is that innovations experience the added consequence of breaking into the market or society, so one may say that it is related to invention but it’s not the same (Bhasin, 2012). In most cases, innovation is viewed as the employment of better solutions to fill the present gaps in the business environment; these gaps are in terms of new needs in the business, present market needs or unarticulated requirements. These needs are met through introduction of processes that are more effective, services, products technologies or business models that are available to the markets, society and government (Frankelius, 2009).

Startups are constantly challenging the status quo as old organizations with outdated practices are constantly struggling to reinvent themselves to keep up with these new developing changes (Osterwalder & Pigneur, 2010). Christensen (1995) states that disruptive innovation is the key to success in business he further expounds that new technology are divided into two categories i.e. sustaining and disruptive technology. Sustaining technology is more of an innovation thus an improvement of an already existing technology therefore mainly focuses on customer satisfaction, whereas disruptive technology is a new emerging technology that has never been tested before thus making it and its implication very unknown to the business environment (McKinsey & Company, 2013). It generally lacks any form of past practical application (Christensen, 1997).
An increasing number of studies have been conducted to investigate the factors influencing product innovation in emerging industries. Industries seek to fully exploit manufacturing and export opportunities through diversification and improvement of their product portfolio seeing as what they export does matter (Hausmann et al. 2007). Product innovation is the development and subsequent introduction of new or improved versions of goods or services. The main factors that shape product innovation are internal R&D activities and technology acquisition (TA) (Christensen, 1995). From the definition one can say that product innovation is divided into two categories these are the incremental innovations, which focus on modifying previous versions of existing products, and radical innovations, which are focused on new product creation (Wong, 2014).

In order to make room for the new product innovation the business is forced to make some changes in its business model (Wong, 2014). This means that they will have to alter how they run their day to day activities, breakdown certain relations with respect to the customers suppliers and business partners it no longer serves or has use for (Gorchels, 2012). If these changes occur frequently it results to incongruence between the business and its brand which results to its overall decline due to a loss of credibility and consistency (Hoang, 2010). According to Wong (2014) successful product innovation enables an organization the added benefit of growth expansion and gaining a competitive advantage since the business has differentiated its products from other competitors in the same industry.

This has in turn increased its profit margins. Differentiation positions a product attractively through contrasting its unique qualities against other competing products which in turn results in the product appearing to be superior or unique in the customers point of view (Hoang, 2010). The differentiation in product meets the criteria to give the business a sustainable competitive advantage, which entices customers to switch brands due to the benefit being offered (Frankelius, 2009). In addition to this, not all businesses develop their products from scratch but choose to substitute different capabilities to create product innovation, this results in a counterproductive effect concerning what the firm is trying to achieve since if it fails they will eventually get driven out of the industry (Bloodgood, 2013).
Process innovation or business process re-engineering (BPR) is the implementation of new or modified delivery and production methods; this includes the techniques equipment or software (Hammer, 1990). Its main scope is the analysis and design of workflow and organizational processes, while its main goal is helping the firm re-strategize how they go about their daily tasks (Gorchels, 2012). This is done to improve customer service while reducing operating costs that enables the organization to dominate its market (Vakola, 1999). According to Michael Hammer (1990) the major challenge that managers face is the obliteration of work processes that are of no value instead of employing technology to automate it.

Information technology indeed is a major driver contributing to process innovation since it has deviated from its traditional purpose of supporting the existing business functions to being a platform for new organizational forms and collaboration patterns between and within organizations (McKinsey & Company, 2013). Process innovation starts with an in depth assessment of the firms mission, strategic goals and the customer needs it is trying to satisfy. This is done to ensure that the organizations operations were not based on unrealistic assumptions (Hammer, 1990). A business process is a structured ordering of work steps across time and place and is broken down into a set of measurable activities that are improved or eliminated altogether in order to achieve the greatest possible benefit. Through process innovation companies are able to radically restructure their business model since it emphasizes on a holistic focus on the correlation between the organizational objectives and its processes. This encourages a full-scale reinvention of the processes (Vakola, 1999).

Organizations can eliminate work processes that have been made obsolete by the dynamic business environment that simply add no value to the customers (Hammer, 1990). Usually when the conditions in a business environment evolve most firms find their former processes, which in the past led the firm to success, are no longer effective and thus require flexibility in altering their strategies. Businesses operate within ecosystems that influence success or failure thus the outcomes of a firm’s strategy or model are not independent of its environment (Gorchels, 2012). Organizations must recognize their inability to meet their newly developed customer demands and their inadequate cost structure then focus on restructuring their processes or risk lagging behind in their respective industries concerning productivity, time to market and overall competitiveness (McKinsey & Company, 2013).
Marketing innovation focuses on modifying the mix of target markets and how the selected markets needs are effectively satisfied. It seeks to identify possible potential markets and better business practices in serving them (Nenonen, 2014). The organization should focus on improving and tailoring its value proposition to its customers need seeing as it is an important organizing principle (Webster, 2002). The identification of target markets is achieved by strategic market segmentation whereby the potential market is divided into smaller easy to manage sections without stretching the organizations resources. The main goal is to enable the organization to fully maximize its resources to get the maximum gain it can acquire from a particular market segment (Arkolakis, 2010).

Blue ocean strategy is an innovative marketing theory whereby organizations seek to make their competition redundant through creating uncontested market spaces by reconstructing market boundaries. They achieve this by focusing on the big picture and extending their reach beyond the existing supply and demand in new market spaces (Kim & Mauborgne, 2005). According to Nenonen (2014) and his colleagues, markets are viewed as malleable and plastic meaning an organizations strategies to acquire market share in an industry are not limited to conventional target market selection or positioning in an existing space. When market opportunities aren’t properly identified it results in the market being lost forever thus market experts must get the necessary insight to prevent this from happening (Arkolakis, 2010).

Organizations are viewed as the active developers of market opportunities (Alvarez & Barney, 2007), therefore if market segmentation is not conducted properly it will in turns result in foregoing of revenues which would have been earned from the potential market had the segmentation been completed (Han et al.2013). Although red ocean strategies which are conventional competition based strategies are necessary they are not sustainable therefore businesses must focus beyond competition and through market innovation, seek to create blue oceans which are uncontested market spaces which enable the firm to seize new profit and business growth opportunities. The idea of building advantages over rivals by assessing their activities and striving to do them better is a zero sum game since the company is focused on grabbing a bigger market share at another organizations loss and further division in the markets results in lower profit margins and limited growth (Kim & Mauborgne, 2005).
East African Breweries Limited (EABL) is a manufacturing holding company with its headquarters in Nairobi, Kenya. In 1922 it was founded as Kenya Breweries Limited (KBL) under the ownership of the Dodd family (Saahiihii, 2013). It was later in 1935 that it acquired and merged with Tanganyika Breweries (TBL) to create East African Breweries Limited (EABL). It has subsidiaries in South Sudan, Uganda and Tanzania. Its distribution partners are found in Democratic Republic of Congo (DRC), Rwanda and Burundi (EABL, 2015). Although it’s mostly recognized as an organization that manufactures alcoholic beverages like is branded beers and spirits it also manufactures non alcoholic beverages. By 1990, the Dodd family had reduced their shareholding and most of the shareholders were Kenyan and the company was very successful.

It signed a license agreement in 2002 with South African Breweries International(SAB Miller) to swap their subsidiaries, this was done in order to end the beer wars that had begun (EABL, 2017). Its Tanzanian subsidiary Tanzania Breweries Limited (TBL) formerly known as Tanganyika Breweries Limited (TBL), after the unification of Tanganyika and Zanzibar to form the Tanzania, created and increased market for the group whereby TBL was later nationalized as part of the Arusha Declaration (EABL, 2017).The group later innovated its processes by internal sourcing after opening Central Glass Industries Limited (CGI) as a producer of their glass containers (Saahiihii, 2013). In 2013, EABL in order to curb its periodic stock outs it began its operations in South Sudan as East African Beverages South Sudan Limited (EABSS) this was done to reduced its over reliance on third party distributors (EABL, 2015).

The main brand of East African Breweries (EABL) is Tusker which is also Diageo group largest African Beer Brand (Saahiihii, 2013). It was launched in 1923 after an elephant in a hunting accident killed one of the founders (George Hurst) of Kenya Breweries Ltd (KBL). His brother, Charles Hurst, used the name “Tusker,” referring to male indigenous elephants, decided to name the company’s first ever larger. Their slogan being “Bia Yangu Nchi Yangu” meaning “My Beer My Country” in Swahili (The Agora, 2014). The EABL foundation is the arm of East African Breweries that deals with corporate social responsibilities and it was founded in 2005. It assists people in East Africa by focusing of five distinct areas of activity, these are; education and training, health, environment water supply and special projects (EABL, 2014).
1.2 Statement of the Problem

The need for innovation is clearly important for organizations if they seek to maintain or acquire a sustainable competitive advantage against their rivals since they are operating in a highly uncertain and competitive environment (Christensen, 1995). Innovation is work rather than genius and in order for an innovation to be successful one must employ hard purposeful work (Drucker, 1985). Therefore for firms to survive they must be producing a constant stream of innovations to either maintain or gain the number one position in their respective industries (McKinsey & Company, 2013).

According to Mathenge (2013), product innovation was rated to a great extent having the greatest positive financial performance according to the organization’s objectives, his study mainly focused on the effects of financial innovation on competitive advantage. Kiptugen (2003) conducted similar research only his focus was more on the strategic responses with regards to the evolving business environment which has led to increased competition in the banking industry through the availability of substitute products this is because each innovation brings about its own unique competitive advantage. Koril & Ndeche (1995) further went to show how the competitive advantage and increased financial performance associated with the telecommunication companies that were subject to their study came as a result of their quick adoption of the advancing technology of Pay with M-pesa. Kamotho’s (2009) study on Mobile Phone Banking usage experiences in Kenya showed that the mobile phone banking innovation on its own came because of banks seeking to gain an edge over their competition. This in turn lowered transaction costs. Odhiambo (2008) conducted a study on the innovation strategies at Safaricom Ltd whereby he showed that the use of innovation in both products and services like M-Pesa and M-shwari not only enhanced customer loyalty to the Safaricom Brand but also did contribute to Safaricom dominating the telecommunication industry in Kenya, sustaining and expanding its market share against its rivals.

On further analysis it is evident that scholars mainly focused on two dimensions of innovation i.e. both product and process innovation while overlooking marketing innovation. The studies also had a tendency to gear towards the telecommunication and financial industries and very little work was done on the alcohol and beverage industry. This study seeks to fill that gap.
1.3 General Objective
The general objective is to establish how East African Breweries LTD employs the different types of innovations to achieve sustainable competitive advantage against rivals and the resultant implications of these strategies.

1.4 Specific Objectives
1.4.1 To establish the effect of product innovation on sustainable competitive advantage by East African Breweries LTD.
1.4.2 To establish the effect of marketing innovation on sustainable competitive advantage by East African Breweries LTD.
1.4.3 To establish the effect of process innovation on sustainable competitive advantage by East African Breweries LTD.

1.5 Significance of the Study
The findings of this research are of great value to key stakeholders with which it concerns not only in East African Breweries Limited but also those in the alcohol and beverage industry.

1.5.1 Academicians and Researchers
Individuals concerned with the fields of academic, research and scholarly work gain a significant contribution into the discipline of innovation and its impact on sustainable competitive advantage. It broadens the horizon and perspective of scholars doing their research on the field of innovation with regards to creating a sustainable business edge. This is because the study bridges the gap and shows the relationship of how the two affect each other.

1.5.2 The Policy Makers and Regulators
The policy makers and regulators benefit from this research especially when it comes to developing rules and regulations that foster innovation and healthy competition in the alcohol and beverage industry. Their policies take into account all the important factors and be more realistic with regards to the current business environment and possible future trends.
Through the findings of the research it helps them in also investigating possible malpractices in the industry thus ensuring proper corporate governance and social responsibility by companies involved.

1.5.3 Management and Staff.
It provides great insight and data to not only the management and staff of East African Breweries Limited but also those interested in the alcohol and beverage industry these are the investigative journalists or even investors. The information from this study enables top-level management to better formulate strategies that enables them to anticipate any future changes in the industry and develop a sustainable competitive advantage against their competition. The investors on the other hand have valuable insight to help them make informed decisions when it comes to screening possible companies they can invest in.

1.6 Scope of the Study
This study mainly focuses on how different innovation types can and have been used by East African Breweries Limited to build a sustainable competitive advantage. This has enabled it to dominate the alcohol and beverage industry in Kenya and still hold on to a large market share despite other organizations like Keroche Breweries coming up to compete with them. The data for the study were acquired from East African Breweries Limited in order to establish the relationship between innovation and sustainable competitive advantage.

1.7 Definition of Terms

1.7.1 Innovations
These are new products and processes that are an improvement of current products and processes that have been introduced into the market (Frankelius, 2009).

1.7.2 Sustainable Competitive Advantage
These are firm’s unique key resources or competencies that are difficult to duplicate that ensure the organizations long term superior position in its industry (Prahaland & Hamel, 1990).
1.7.3 Competitive Advantage

This is the type of edge a company obtains over its rivals either through providing more benefits in their offerings or lowering their prices which enables it to outperform its competition (Porter, 1985).

1.7.4 Firm

It is a corporate entity created for commercial purposes that is selling of goods and services at a profit (Clulow et al. 2003).

1.7.5 Strategy

It is a combination of multiple effective tactics that are used to influence the business environment to achieve a desired result or outcome. For example, the acquisitions of a large market share (Kim & Mauborgne, 2005).

1.8 Chapter Summary

The chapter gives the background to the study regarding to the topic innovation and sustainable competitive advantage it further break down the different types of innovation and introduces the organization of interest (EABL) into the study. It gives a detailed explanation of where the problem arises and the gap that is meant to be filled, the various research objectives to guide the study and the definition of the terms to enable easy understanding of the topic of research.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This section reviews previously written literature on effect of innovation in various firms and its influence concerning creating a sustainable competitive advantage while focusing on the concerned research objectives. The research objectives include: the effect of product innovation has on sustainable competitive advantage; the effect of market Innovation on sustainable competitive advantage and the effect of process innovation has on competitive advantage.

2.2 Product Innovation and Sustainable Competitive Advantage
Companies mainly seek to achieve a sustainable competitive advantage against their rivals through the creation of new products (Wong, 2014). The innovation products vary in their degree of newness in the market in which they are introduced. These range from marginally new, which are modifications of older versions of a product, to the extremely new which are disruptive and can create a whole new market. Marketing innovation is the implementation of new methods of marketing in order to satisfy the consumers’ wants and need (Webster, 2002). This is achieved through significant modifications in the product design, packaging placement, promotion and pricing. The common misconception by organizations is that superior product performance will always lead to commercial success but this is not true since they are other variables, which determine the commercial viability of a product (Bloodgood, 2013).

Product innovation is a instrument used by firms to attain a long-term edge against their competition in acquiring market share in their respective industries (Hoang, 2010). The increased market share is a reflection of the sustainable competitive advantage created by the innovated product and this protects the organizations market share from products created and launched by rival companies (Jagdev et al. 2002). A major product innovation can indeed alter the structure and long-term strategies of an organization creating a completely new business. Competition in industries influenced by product innovations is mainly driven by technology (McKinsey & Company, 2013).
2.2.1 Risks of Product Innovation

Innovation is an invaluable tool for the survival of organization since it equips the firm with a competitive edge (McKinsey & Company, 2013). In order for organizations to easily anticipate the changes in the highly unpredictable business environment, they must have a stream of constant product innovations (Chritensen, 1995). Product innovation is the introduction of goods or services that are novel or have significantly modified features or uses relative to the current products in the market. The competitive position of a firm greatly depends on the firm’s ability to innovate its portfolio of products and introduce them to the market (Wong, 2014).

Product Innovation comes with high risk of failure and high costs this result in the depletion of the companies’ resources due to the trial and error nature of experimentation (Hoang, 2010). The business environment is highly uncertain and this uncertainty has resulted to product life cycles being shorter. The organizations must produce new sophisticated products in increasingly fast cycles in order to succeed in the business environment and recoup development investments (Pisano, 1997). The time required for the development of a successful product varies across different product types, this makes the return on investment highly uncertain and therefore the organization is at risk of losing money if it doesn’t properly conduct its research properly with regards to its product development department (Hoang, 2010).

Noorani (2014) did her research in Lyari, Karachi in order to identify core ingredients of service innovation and their impact on Online business-to-business (B2B) industry in attaining competitive advantage with a resource based view. The main dimensions of service innovation that were improved were customer relations, channel of distribution or innovation in technology (Wong, 2014). The methodology used to conduct the study was based on secondary data collected. The findings from the research established the difference found in organizational performance in the context of online business is partially explained by Information Technology, Human Resource Management, Research & Development and strategic alliances practices and policies (Noorani, 2014).
Proper implementation of Human Resource Management practices, experienced adoption of Information Technology and IT-enabled services, well connected and inform Research and development can all together render greater service innovation opportunities (McKinsey & Company, 2013). Whereas strategic alliance is the mediocre variable which requires lots of efforts to impact positively on service innovation (Hoang, 2010). She further concluded that investing in the development of both physical and non-physical components of products and services available for sale could lead to enhanced business prospects, ultimately ensuring success (Noorani, 2014).

2.2.2 Benefits of Product Innovation

Peters (2015) conducted a study in Germany to analyze the entire link between innovation input, innovation output and productivity (CDM model), in order to shed light into the "black box" of the innovation process at the company level. The variables of the study were innovation output, innovation input and productivity. The methodology of the study employed German data from the CIS3 (3rd Community Innovation Survey) performed in 2001, to enlarge the CDM model by including an additional equation for the output of process innovations this is in addition to the originally used output indicator for product innovations. The new indicator was measured as the share of reduction in unit costs due to process innovations. Growth rate of labour productivity increases significantly with the success of product innovations (Neely, 2002).

No similar effect pertaining to process innovations is observed. In conclusion the success of product and process innovations is mainly determined by innovation input (Wong, 2014). Furthermore, firms which develop new products or processes mainly in-house are more successful and thus develop a long-term edge against their rivals. In 2013, Njoroge conducted a study on the influence of information technology on Strategic management practices of Barclays Bank of Kenya. The purpose of the study was to show the business benefit of electronic banking and its implications on the organizations that used them. The study focused on determining the influence of information technology on strategic management practices of Barclays Bank of Kenya. The findings indicated that Barclays’ organizational processes were well thought of and were designed in accordance with the need of the environment (Pearce & Robinson, 2003).
Each organizational process whether it relates to production, marketing or sales has a specific goal that contributes to the success of the firm (Ansoff, 1965). According to Njoroge (2013) the main variables were organizational processes, performance and customer service. The study reviewed literature in the area of business strategies in response to the competitive environment (Pearce & Robinson, 2003). It employed the use of case study to investigate the influence of information technology on strategic management practices of Barclays Bank of Kenya, by targeting senior-level managers since they are mainly involved in strategic planning of the multinational company (Njoroge, 2013).

Fonseca (2013) revealed that product and process innovation are conceptually different. The study was conducted in Portugal and its purpose was to find out whether firms should focus in either one innovation type due to different organizational structure requirements. The methodology of the study was based on surveys i.e. the Portuguese Community Innovation Survey (CIS) (2006 up to 2010). However, evidence from the last decade shows that firms can successfully engage in both innovation types and create relationships between the two (Christensen, 1995). The argument was that strategies combining both are achieved mainly through organization innovation (Pearce & Robinson, 2003). The dependable variable of the study was a combination of both product and process innovation. The findings were organizational innovation has a significant positive effect on the probability of combining in both product and process innovation (Bloodgood, 2013).

This effect is bold by the super modularity between internal and external organizational, as well as a positive layering effect. In conclusion firms with R&D activities and that use advanced capital have a higher probability of combining product and process innovation (Fonseca, 2013). Also in 2013, Calvacante conducted a research study on the business models of firms and how they were affected by technology, the main reason for the study was identification of how the new global positioning technology altered the organizations business model. The research was done based on a consortium of Danish firms which were created to develop a positioning-based technology programme to enable modifications of commercial services or products. The study only selected three Danish consortium organizations. Companies used the new technology to extend their existing business models in order to create a sustainable competitive advantage against their rivals (McKinsey & Company, 2013).
2.2.3 Significance of Product Innovation

Kanagal (2015) conducted an empirical study in Bangalore, India on product innovation; and draw implications for marketing strategists. The methodology used was an empirical desk research on innovation aspects of Philips Corporation followed by a primary interview with Philips Innovation Campus, Bangalore, India. The variables concerned were the nature of innovation; elements of innovation process system; variations of innovations of products; aspects of assessment of innovation. The findings of the study validated Christensen’s (1995) work that innovations use assets and competencies of the organization along with innovation processes to bring about new or different market offerings, which when successful in the market bring in immense value to the firm and give the firm an edge over its rivals (Kangal, 2015).

However, for an innovation to succeed as a sustainable competitive advantage there should be a fructification of the innovation through appropriate competitive marketing strategies (Neely, 2002). He found that innovations are often motivated by ‘innovation events’. Processes that foster transformation of ‘innovation events’ to ‘innovations’ is the new product process or the innovation process system (Kanagal 2015). Innovations also lead to the creation of assets called intellectual property (Christensen 1995). Innovation creates and generates value and could reflect in both co-created value and shared value. Ultimately, the purpose of innovation is for improving and increasing the delivery of superior meaning and superior value to the customer while making it relevant, different or new and valuable from the customer’s standpoint (McKinsey & Company, 2013).

In conclusion, innovation led to a process of change in organizations and its market offerings, and is a key weapon that marketing strategists use to win customers and markets, through the development of sustainable competitive advantage. Goedhuys and Veugelers (2008) conducted their research in Brazil and to explore the importance of innovations for firm growth. The main variables of the study were internal technology creation (make) and external technology acquisition (buy) and their effect on successful process and product innovations (Christensen 1995). The methodology of the study employed World Bank ICS data from Brazilian manufacturing firms; the option of only relying on internal development was less performing (Goedhuys & Veugelers, 2008).
The findings of the study indicate that innovative performance is an important driver for firm growth (Christensen 1995). It is particularly the combination of product and process innovations that significantly improves firm growth (McKinsey & Company, 2013). Both innovation and growth performance are supported by access to finance. Skills of workforce and management matter, but not necessarily tertiary education levels. The impact of international linkages on innovative and growth performance is mixed (Bloodgood, 2013). In conclusion, successful process and product innovations occur mostly through technology acquisition mostly embodied in machinery and equipment, either alone or in combination with internal technology development these later on become the firms long term edge to ensure its longevity in its industry.

2.3 Marketing Innovation and Sustainable Competitive Advantage
There is a direct correlation between an innovative marketing mix and creating a sustainable competitive advantage (Mahmod et al., 2010). Innovation is an invaluable tool for the survival of organization since it equips the firm with a competitive edge against it rivals in a specific industry as they try to both acquire and retain customers. In order for organizations to easily anticipate the changes in the highly unpredictable business environment, they must have a stream of constant product innovations this makes the organization more proactive rather than reactive to its environment (Christensen 1995). The competitive position of a firm greatly depends on the firm’s ability to adapt to the changing business markets (Porter, 1985).

Innovation in marketing practices enables firms to leverage the marketing concepts and research in order to influence the outcomes of novel products and innovation (Arkolakis, 2010). This acts as a competitive strength to the firms since they can easily analyze and determine the market attractiveness of their products and services towards customers through gauging the consumers feedback (Mahmod et al., 2010). This in turn enables them to compare the success of their products against existing ones in the industry while also aiding them in designing and management of distribution channels. I further creates better understanding of the pricing architectures with regards to the constantly changing business environment (Alvarez & Barney, 2007).
2.3.1 Relationship between Marketing Innovation and Growth

Walobwa (2013) conducted a study in Kenya and its purpose was to investigate and document different types of innovations adopted by garment SMEs in Nairobi. The study is related to Christensens (1995) article showing the relationship between the innovations adopted and growth of the enterprise. The methodology used for this research project objectives was descriptive design. Census was conducted on the population. Questionnaires were administered to thirty one entrepreneurs and managers of garment businesses in the study area. The questionnaire was first pilot tested on six firms at a different location from study area to ensure reliability of research instrument (Walobwa, 2013).

Descriptive statistics and inferential statistics were used to analyze the data before reporting and making recommendations. The variables in the study were the growth effect of technological innovation practices adopted by Garment SMEs, the influence of administrative innovation practices on growth of garment SMEs, the effect of marketing innovation practices on growth of garment SMEs and the influence of strategic innovation practices on growth of garment SMEs (Walobwa, 2013). The study found that among the types of innovation analyzed, marketing innovation contributed most to the growth of garment SMEs in Jericho market, Nairobi. Marketing innovation indeed has a significant impact on growth of an organization (Nenonen, 2014).

However, it was established that all types of innovation were being practiced in the sector, innovation is very critical for organizations e.g. SMEs to become and remain competitive in the global market (McKinsey & Company, 2013). In conclusion, the study recommended that enhancement of promotion of information on innovative practices through networks and linkages was a viable solution for sustainable competitive advantage (Walobwa, 2013). Wang (2015) did a research study to investigate marketing innovation and the factors that might encourage its adoption. The study was conducted in Canada. The main variables of the study were the factors that motivate marketing innovation and examines whether the occurrence of marketing innovation varies across industry sectors.
Organizations tend to employ marketing innovation in order to penetrate their target customer base (Arkolakis, 2002). The methodology of the study was based on data from surveys and a nationwide census conducted by Statistics Canada. They included the Survey of Innovation and Business Strategies (SIBS) 2009, the Survey of Innovation and Business Strategies (SIBS) 2012, the Business Registry (BR) and the General Index of Financial Information (GIFI). In addition to this Multilevel (random-intercept) logistic regression modeling was employed. Both product and organizational and marketing innovation took place simultaneously however, process innovation did not (Porter1985).

The findings showed that if a firm had a strategic focus on new marketing practices, maintained marketing within its enterprise, acquired or expanded marketing capacity, had competitor and customer orientations, and adopted advanced technology then it would have established marketing innovation (Wang, 2015). However, breadth of long-term strategic objectives and competitive intensity did not have significant impacts on marketing innovation (Nenonen, 2014). The occurrence of marketing innovation was found to vary across industry sectors. In conclusion, Innovativeness was one of the fundamental instruments of growth strategies that provided organizations with a competitive edge (Porter1985).

**2.3.2 Implications of Marketing Innovation**

According to Som and his colleagues (2012), the problems solved by the implementation of new non-technological methods evolved from the context of the firm. There is a direct link between marketing innovations and the firms sustainable competitive advantage (Mahmod et al., 2010). They conducted a study to determine the degree in which organizational and marketing innovation were affected by specific barriers, which would require innovation policy support. The marketing innovation were found to deeply rooted and tailored to the firm with regards to the economic impact. This is because marketing innovation vary across the industry (Arkolakis, 2010). The solutions implemented turned out to be highly firm-specific. The methodology was based on analysis of both quantitative and qualitative data.
The study was conducted in the European Union and the main variables were the necessary condition that both types of innovation caused positive effects on the economic performance of firms, and the sufficient condition that they are affected by market failure in the neoclassical, or system failures in the evolutionary understanding (Som et.al, 2012). The findings established that during the case studies the perspective implied by these questions needed to be supplemented regarding the implications of the empirical results for the theoretical concepts and the methodological approach. In conclusion, uncertainty was a major issue also for organizational and marketing innovation. The uncertainty usually creates a possible risk of failure (Alvarez & Barney, 2007).

The most viable solution seemed to be through policies. Policies address the firms’ general and early stage efforts in improving their market orientation and adapting their innovation activities according to present and future market needs (Hans et.al, 2013). Junge (2012) did a study research to determine the role of product and marketing innovation for productivity growth. The location of the study was Denmark. From the study, the findings indicated that marketing and product innovation were complementary inputs this can also be related to the fact that innovation activities were skill-intensive(Christensen, 1995). Product and marketing innovation in skill-intensive firms resulted in significantly faster productivity growth than in unskilled-intensive firms that introduced this combination of innovation activities (Junge, 2012).

More precisely, an increase in the share of educated workers of one percentage point, increased productivity growth by around 0.1 percent in firms with product and marketing innovation (Webster, 2002). The methodology of the study was with surveys and registered data for the Danish economy. The main variables of the study were production and demand, knowledge creation and real value added growth (Junge, 2012). In conclusion, organizations that engaged in product innovation but not in marketing innovation or the other way around did not demonstrate a growth effect from their innovation activities (Hans et.al, 2013). Product and marketing innovation had an independent role in productivity growth that could not be attributed to organizational changes, even though the majority of innovative firms engage in this latter innovation type (Junge, 2012).
Chen (2013) provided an economic analysis of marketing innovation. The study was carried out in Colorado, USA. The variables concerned were acquiring consumer information, reducing consumer transaction costs, comparing private and social incentives. The methodology was through the use of a dynamic duopoly model developed to study two forms of marketing innovation; which allowed a firm to acquire consumer information effectively; and reduced consumer transaction costs. The strategies a firm employs must adapt to the changing business environment (Porter, 1985). Firms can influence their consumer base through leveraging innovative marketing practices, which in turn gives the firm a competitive advantage (Arkolakis, 2010).

The incentives and effects of marketing innovation differed extensively from those of product or process innovations (Alvarez & Barney, 2007). While it benefited from the innovating firm, it did hurt some consumers. Whereas when it benefited all consumers, it may or may not have benefited the innovating firm (Christensen, 1995). In conclusion, such analysis would lead to richer theories of markets where firms competed in multi-dimensions. To the extent that the marketing of products and services represented an important part of economic activities in an economy, more research on the economics of marketing innovation was warranted (Chen, 2013).

2.3.3 Marketing Innovation Strategies
Muangkhot and Ussahawanitchakit (2015) conducted a study in Thailand to investigate the relationship of marketing innovation strategy on marketing performance through mediating influences of new product development, customer responsiveness, marketing effectiveness and marketing advantage. The marketing strategies employed in an organization do have a direct impact on the overall performance of the organization (Arkolakis, 2010). Moreover, the study also examined the moderating effects of market culture. In addition, long-term vision, marketing resources and technology growth were examined as antecedents of marketing innovation strategy in the context furniture exporter businesses in Thailand. The main variables of the study were learning orientation, firm entrepreneurship and research and development innovation strategy.
The methodology of the study was based on regression analysis, which was used to analyze the relationship between these variables (Muangkhot & Ussahawanitchakit, 2015). This acts as a competitive strength to the firms since they can easily analyze and determine the market attractiveness of their products and services (Paine & Anderson, 1977). This also aids them in designing and management of distribution channels while at the same time understanding pricing architectures (Alvarez & Barney, 2007). Eighty-two furniture exporter businesses in Thailand were used as samples that were collected from mail survey questionnaires (Muangkhot & Ussahawanitchakit, 2015).

From the study it is seen that all dimensions of marketing innovation strategy had an effect on consequence in different ways (Nenonen, 2014). Learning orientation, firm entrepreneurship and R&D innovation strategy had a positive effect on new product development, customer responsiveness, marketing effectiveness, and marketing performance. On the other hand, long-term vision has full positive influence on three dimension of marketing innovation strategy (Kim & Mauborgne, 2005). In conclusion, the moderating effect of marketing innovation strategy has positive only influence on the relationship between long term vision and market culture on learning orientation (Muangkhot & Ussahawanitchakit, 2015). In 2010 Tinoco conducted a study investigating sustainable competitive advantage and how it is affected by marketing innovation. The research was conducted in the United States (US).

Marketing innovation is introduced as another method that is employed to give an organization a sustainable competitive advantage over its rivals (Alvarez & Barney, 2007). This holds true especially when its strategically combined with product innovation. The paper examined the marketing innovation dynamics throughout the industry life cycle along with its implication to enhance a firms competitive advantage long-term sustainability and overall performance. When marketing innovation and product innovation synergize together it leads to a much concrete sustainable competitive and consequently the firm’s success against its competition (Wong, 2014). The research concludes that the multidimensional mix of innovation will indeed result into a sustainable competitive advantage for an organization in today’s highly turbulent and saturated business environment.
2.4 Process Innovation and Sustainable Competitive Advantage

Consumers have become highly sophisticated in their tastes and tend to want their products on time. Companies have realized that in order for them to keep up with the evolving demands of consumers they must be competitive in order to prevent their market share from being snatched by their competition (Wong, 2014). In order to survive companies constantly explore the methods, tools and services, which can aid them in acquiring a sustainable competitive edge (Porter, 1985). Companies seek out process innovations, which act as a corner stone for service improvement, and enabling companies enhance their efficiency and performance against rivals (McKinsey & Company, 2013).

Process innovation refers to the implementation of a novel or significantly modified production or delivery method (Hammer, 1990). Process innovations have brought about new avenues for business as well as created new opportunities for businesses to benefit from. Different firms in the same industries have to employ different kinds of process innovation strategies in order to outperform one another (Vakola, 1999). The process innovations are either radical or incremental and their main purpose is to ensure the firms longevity since they fortify the future innovation paths available to a firm (Ettlie et.al 1984). Swart (2011) researched on the critical impacts of technology on both Regional and national futures in sub Sahara Africa and its importance in enabling developing countries and regions to increase efficiencies.

Technology has played a key role in driving change and development in Africa (McKinsey & Company, 2013). The main variables of the study were to establish whether sub-Saharan Africa was effective at creating, owning, developing, and harnessing homegrown technology, and if Sub-Saharan Africa adapt non-African technologies into innovation cycles. The innovations enable efficiency in firms (Christensen, 1995). The methodology used in the study was through identification and analysis of a set of driving forces, effects, and change triggers that influence technology in Africa. The study looked at both the desired and the expected outcomes. The findings based of the study resulted into three feasible futures being presented, these are: Use, don’t own, Pockets of innovation and Leapfrogging. The situation was viewed as a baseline (Swart, 2011).
2.4.1 The Risk Factor in Process Innovation

It was noted that there were risks prevalent in the assumption that Africa would follow the same path on technological sophistication and development as the Western states. Innovations come with high risk of failure and high costs which results in the depletion of the companies resources due to the trial and error nature of experimentation thus making it difficult for companies to adopt them (Hoang, 2010). The purpose of innovation is about improving the organization processes to enhance efficiency and reduce costs (McKinsey & Company, 2013). The conclusion from the analysis was that for Africa to move toward more desirable trajectories, the welfare-generating capabilities of African markets would need to be enhanced. The governments would need to be more effective and responsive, and more constructive.

Therefore, external intervention would replace the current exploitative trends (Swart, 2011). Noorani (2014) also conducted a research study in Lyari, Karachi. The main purpose of the study was to indentify core ingredients of service innovation and their impact on Online (B2B) industry in attaining competitive advantage with a resource based view. The management process and it innovations are what are responsible for the creation of the sustainable competitive advantage (Jagdev et.al. 2002). The main dimensions of service innovation according to the study that were improved were customer relations, channel of distribution or innovation in technology. Service innovation reduces operating costs that enables the organization to dominate its market (Vakola, 1999).

The methodology used to conduct the study was based on secondary data collected. The findings from the research established the difference found in organizational performance in the context of online business is partially explained by Information Technology, Human Resource Management, Research & Development and strategic alliances practices and policies (Noorani, 2014). Proper implementation of Human Resource Management practices, experienced adoption of Information Technology and IT-enabled services, well connected and inform Research and development can all together render greater service innovation opportunities (Andresen et.al, 2000). She further concluded that investing in the development of both physical and non-physical components of products and services available for sale could lead to enhanced business prospects, ultimately ensuring success (Noorani, 2014).
Yeo and Marquardt in 2015 conducted a research study investigating how organizations reacted in an environment whereby change is taking place because of the introduction of technology. The study explored the implications of technology specifically concerning the implementation of an electronic government in the East Malaysia’s public firms. Technological innovation directly impacts organizational performance (McKinsey & Company, 2013). The main variables were the organizational structure, strategy, and performance. The method used by the research study focused on 18 employees encompassing heads of departments, middle managers and support staff. The approach was semi-structured in nature whereby data was collected through unobtrusive methods.

This means the data was collected through secondary sources i.e. archived records and observations (Yeo & Marquardt, 2015). Technology has the capacity to either inhibit or enhance change based on its application in a particular business environment (McKinsey & Company, 2013). The implementation of technology in a particular industry is affected by how the key players in that particular industry understand it. Thus, it results to either complimentary modifications or complete alterations of the organizational practices and business processes (Andresen, 2000). The manner in which they are implemented in turn has an immense impact on the firm’s structure, strategy, policy, capabilities and overall performance. This shows that the human factor in a particular industry and how they respond to technological changes is important when it comes to matters regarding how the organizational performance is affected by innovative strategies implemented (Yeo & Marquardt, 2015).

2.4.2 Benefits of Process Innovation

Njoroge (2013) researched the influence of information technology on Strategic management practices of Barclays Bank of Kenya. The use of technology enhances efficiency in the organization (Andresen, 2000). The purpose of the study was to show the business benefit of electronic banking and its implications. The study focused on determining the influence of information technology on strategic management practices of Barclays Bank of Kenya. The main variables that arose were organizational processes, performance and customer service. The study reviewed literature in the area of business strategies in response to the competitive environment.
It employed the use of case study to investigate the influence of information technology on strategic management practices of Barclays Bank of Kenya, by targeting senior-level managers since they were mainly involved in strategic planning of the multinational company (Njoroge, 2013). In 2013, Calvacante conducted a research study on the business models of firms and how they were affected by technology, the main reason for the study was identification of how the new global positioning technology altered the organizations business model. The research was done based on a consortium of Danish firms which were created to develop a positioning-based technology programme to enable modifications of commercial services or products. The study only selected three Danish consortium organizations. Companies used the new technology to extend their existing business models in order to create a sustainable competitive advantage against their rivals (McKinsey & Company, 2013).

The technological programme created the opportunity for the emergence of a modified business model in the consortium to be implemented by partnering organizations. From this, we can deduce the importance of the human factor proactive nature with regards to reducing deterministic opinions and perspectives when it comes to technology. It also makes it easier to develop strategic initiatives while managing innovation. Righa (2014) based in Kenya conducted a study on how Information technology was being used to provide a sustainable competitive advantage for the different firms. The main variables of the study were based on the drivers for adoption of Information technology for competitive advantage (Andresen, 2000). The methodology of the study was based on census research design. The target population was obtained from TESPOK and totaled 22. The research instrument used was questionnaire which was administered using “drop and pick later” method and via email (Righa, 2014).

The findings of the study were the key use of information technology was to improve decision making by the Internet Service providers. The main challenges were the use of the correct Information technology Platform and the need to improve on the speed of operations as the key driver for the use of Information technology by the firms (Andresen, 2000). The respondents were chief operational officers and chief technical officers from each of the firms. Data was analyzed using percentages, frequencies, mean scores and standard deviation. The presentation of the quantitative data was using tables. (Righa, 2014) In conclusion, Information technology is used in the firm to gain a sustainable competitive advantage over competitors (Andresen, 2000).
2.4.3 Significance of Process Innovation

Suárez (2012) and his fellow researchers studied the Gemba-Kaizen approach that is a key business strategy used by companies, multinationals, to improve the performance of their manufacturing department. The study sought to fill the gap present based on previous studies because the major challenge that managers face is the obliteration of work processes that are of no value (Hammer, 1990). Although there was significant research information on the implementation of management systems in a sequential manner, there was little information available on the relationship between the applications of the approach to provide a refined methodology concerning the Gemba Kaizen (Suárez, 2012). Companies can eliminate work processes that have been made obsolete by the dynamic business environment that simply add no value to the customers (Hammer, 1990).

The purpose of the study was to develop and apply a process innovation framework in terms of methodology for multinational companies. The analysis and design of workflow and organizational processes is where the process innovation is implemented (Vakola, 1999). The variables of the study were based on how the Gemba-Kaizen approach is applied in an organizational context such as that of a multinational food company in Mexico? The methodology used to conduct the study was exploratory since only one multinational food company (chocolate) had been established in Mexico for at least 19 years. Four methods were used in total to gather data these were: the direct observation; participative observation; documentary analysis; and semi-structured interviews. Through analysis of the data collected it was found that process innovation framework using the Gemba-Kaizen approach was a viable yet recommended solution (Suárez, 2012).

2.5 Chapter Summary

This chapter presented a literature review of various organization employing innovation and its impact on creating a sustainable competitive advantage. The three key dimensions of innovation in organizations were examined and analyzed in depth based on past research, these key dimensions were; product innovation, process innovation, and market innovation. The next chapter focuses on the research methodology employed in the research study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
The chapter focuses on the research methods employed to facilitate data collection in the research study. Its focus is the research design, data collection methods and data analysis. The main objective of this study was to investigate the effect on innovation on sustainable competitive advantage in East African Breweries Limited.

3.2 Research Design
The study research is a coherent design that outlines methods in which data is collected and analyzed (Babbie, 2010). Basing this definition on Cooper and Schindlers’ (2012) research study, the research design can be defined as the organization of strategy created to enhance the researchers’ ability to answer the research question in the study. Therefore, the research design is in fact a plan in which research data is collected and analyzed after it has been obtained from the research participants. A descriptive case study is the most suitable form in which the research is conducted concerning research design. Data collected from the study unit was quantitative. East African Breweries Limited was the unit of study in the research project. The members selected for the interview ranged from the top management to regular employees. The main aim of the descriptive research design with regards to this research study was to clearly depict the current business climate in its natural setup (Burns & Grove, 2003). This enables the study to clearly depict the effects of innovation on sustainable competitive advantage in East African Breweries.

3.3 Population & Sampling design
3.3.1 Population
The population of the study according to Quinlan (2011) are the applicable subjects of the study the researcher intends to collect data from which they are analyzed first before inferences are made. Therefore, in this research study, the population was all employees of EABL in the targeted departments. This summed up to a total of 270 employees as illustrated below in Table 3.1.
Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>150</td>
<td>55%</td>
</tr>
<tr>
<td>Marketing</td>
<td>50</td>
<td>19%</td>
</tr>
<tr>
<td>Finance</td>
<td>50</td>
<td>19%</td>
</tr>
<tr>
<td>Information and Technology</td>
<td>20</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>270</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source (EABL, 2017)

3.3.2 Sampling Design

This mainly constitutes the sampling technique and the sampling frame of a particular areas of interest whereby the research and analysis is conducted (Hair et.al, 2008). According to Dattalo (2009) the sampling design refers to the steps or procedure that are followed in order to include in the sample the important elements of the population. The main sampling techniques selected for this research study were stratified sampling (use of strata), cluster sampling (use of clusters) and simple random sampling.

3.3.2.1 Sampling Frame

The sampling frame is the list of items or individuals that make up the population whereby the samples will be taken (Creswell, 2014). According to their 2008 research study, Hair et.al described a sample frame as an all inclusive catalogue of all elements from which the sample in itself is acquired. The sample frame used for this study consisted of all the employees of East African Breweries Ltd, since they gave a better representation and depiction of the overall organizational point of view. Babbie (2010) further states that the sampling frame must contain an arithmetical identifier for the particular group(s), to aid in research analysis and enhance in depth analysis through enabling separation into more frames. For this study the sampling frame was derived from the human resource department of EABL.
3.3.2.2 Sampling Technique

This is described as the identification of the particular method that enables the selection of the elements of the population. The sample unit relevant to the process of data collection and analysis of the research study is where the main samples were collected from (Hair, et al., 2008). The sampling technique selected for this study is stratified sampling to enhance acquisition of the convenient data sample relevant to the study. Stratified random sampling entails, dividing the population concerned into groups called strata, and the sample for the study is selected at random from the groups because it’s a probability sampling technique. This technique was used because it ensures proper representation of the individual groups or strata concerned with regards to the sampling process (Creswell, 2014). For this specific study to ensure simplicity in data collection the strata was developed based on the key departments in the organization that consisted of the marketing, Information Technology, sales and finance departments.

3.3.2.3 Sample size

According to Richardson (2005) the sample is a division of the entire population being examined. The size of the sample should be as large as possible to enable it to be more representative of the total population this enables it to generate clear and more accurate result (Wolfer, 2007). Using the sample size formula one must account also for the margin of error also known as the confidence interval. The researcher must also include the standard deviation as well as the confidence level. Based on Kothari (2004) the sample size formula is as stated below;

\[ n = \frac{z^2pqN}{e^2(N-1)+z^2pq} \]

Whereby
\[ e \] = is the error of this study taken as 10%
\[ p \] = population reliability taken as 0.5
\[ q \] = expected prevalence or proportion 0.5
\[ N \] = Total population size
\[ z \] = The normal reduced variable at 0.05 level of significance thus 1.96

\[ n = \frac{(1.96^2 \times 0.5 \times 0.5 \times 270)}{(0.1^2 \times 270-1) + (1.96^2 \times 0.5^2)} \]

\[ n = \frac{259.308}{3.6505} \]

\[ n = 71 \]

\[ Sample \ size \ (n) = 71 \ \text{Respondents}. \]

29
3.4 Data Collection
This is the process of acquiring relevant information on targeted variables in an established systematic fashion to be used later for evaluation and making inferences, conclusions or decision based on the data (Hair, et al., 2008). The data collection method is based on questionnaires, which contains both structured and open-ended questions. Questionnaires are a preferred method for data collection due to their efficiency, accuracy and flexibility (Cooper & Schindler, 2014). The structured questions enables accurate and more in-depth analysis of the interview participants, whereas the open-ended questions helps in gathering the other additional details with regards to the context in which the study was being conducted thus capturing any additional information that enhances the accuracy of the study (Creswell, 2014).

3.5 Research Procedures
This is the process used to collect and analyze information to expand our understanding of an issue of concern (Creswell, 2014). Through the office of the Dean of the school of business in USIU - Africa the researcher acquired permission from the Human Resource office of East African Breweries Limited to gain access to the respondents required to carry out the study. In order to enhance accuracy in the end results, a systematic approach was employed in the research study. In order to anticipate any gaps or problems in the study, a pilot was conducted to test the validity of the research. In the pilot study five (5) respondent were awarded the questionnaire in order to gauge their receptivity towards it, these individuals however did not participate in the actual study. The feedback received from the individuals was used to adjust the questionnaire and make it more user friendly, yet effective before conducting the actual study.

3.6 Data Analysis
This is the process of inspecting and refining raw collected data in order to make sense of it and acquire useful information that enhances the decision making (Creswell, 2014). Due to the quantitative nature of the data, statistical analysis was used. Thus the raw data obtained was first filtered and indexed, the questionnaire items were then coded into the SPSS and then coded into the program. Standard deviation was used to analyze the descriptive data whereas regression analysis was used to test the strength and direction of both the independent and dependent variables. This was later used to develop the multiple linear regression showing the effect of innovation on sustainable competitive advantage in EABL.
The equation was represented as:

\[ y = a + b_1x_1 + b_2x_2 + b_3x_3 + e \]

\( y \) = sustainable competitive advantage.
\( a \) = the constant of the equation or the y intercept.
\( b \) = the slope of the regression line.
\( x_1 \) = product innovation.
\( x_2 \) = market innovation.
\( x_3 \) = process innovation.
\( e \) = the error factor.

### 3.7 Chapter Summary

This chapter besets the research design and methodology employed in the study. The chapter explains the research methodology through detailing research design, data collection methods, research procedure and data analysis. The purpose of this research process is to establish the effect on innovation on sustainable competitive advantage in East African Breweries Limited through provision of data. The next chapter (Chapter four) puts forward the study findings and outcomes.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter concentrates on putting forward the results and findings of the project research study based on the raw data collected. The chapter is divided into two sections whereby the first part gives the background of the information gathered then the second part analyzes the findings of the study of innovation and sustainable competitive advantage in East African Breweries Limited. This chapter goes in depth in showing the relationship between the different types of innovation and sustainable competitive advantage and how one influences the other.

4.2 Response Rate

The study sought to collect data from 71 employees in EABL whereby 42 questionnaires were filled but only 37 were able to proceed to data processing. This is because 1 got damaged by rain and 4 were incomplete due to gaps left by respondents and this resulted to them being rendered void as the unanswered questions would greatly alter the results during data analysis. Since only 37 questionnaires qualified as viable data it thus represented a response rate of 52% of the study.

4.3 Background Information

This section focuses on the background of the data collected about the personal information of the individuals involved in the exercise. These included factors like age, gender, marital status etc. The purpose of this was to provide rationality in data analysis concerning the responses provided by the various selected participants.

4.3.1 Gender

The respondents in this study comprised of 55% male and 45% females thus indicating that there was a good representation of both gender in the study sample even though the majority of respondents were male in this case study. The result is exhibited in figure 4.1.
From this we can see that EABL focuses on implementing the one-third gender rule to avoid any form of gender discrimination in the work environment as stipulated in the Kenyan constitution. This enhances efficiency, productivity and morale in the work place as employees are given equal chances at growth opportunities in the organization.

**4.3.2 Respondents Age**

The majority of the respondent who filled the questionnaires were aged between 22 to 35 years and this constituted 49% of the sample acquired, followed by 36-45 years who made up 21% of the sample, 46 to 55 years made up 19% of the sample, 8% were over 55 years whereas 3% were below 21 years in age. In the illustration below we can see the majority of employees in EABL are at their youthful stage in which they are very active, proactive and also have vigour. This is good as the organization as a whole is very efficient in accomplishing its overall objectives and targets. This shows that the organization as a whole has adjusted its culture to embraces millenials and get the maximum value attainable from this age group. It shows open mindedness with regards to employing new strategies and finding new methods to achieve its goals since it nurtures its young employees to take up key leadership positions at an early stage.
4.3.3 Academic Qualification

The study sought to establish the level of academic qualification of majority of the staff in EABL. The data revealed a huge percentage of the sample i.e. 62% were Bachelor’s degree holders followed by employees who have attained Master in academic qualification at 29%. 6% of the sample had Diplomas whereas 3% had attained the Doctorate level of education.

None of the employees in the key departments under the study had anything below a diploma, as their maximum academic qualification attained. There were no primary, certificate or secondary holders as their highest educational level at the important organizational departments. This shows EABL sets the bar high to ensure that those in the team are very qualified to handle the challenges that come with their positions. This ensures that the organization survives and enables it to adapt to the very dynamic and competitive industry. Figure 4.3 shows the data illustration concerning academic qualification.
With regards to marital status 43% of the sample of employees in EABL were married, 31% were single, 17% were widowed and 9% were divorced. The data collected with regards to marital status is indicates that since majority of employees were married at one point it shows focus and maturity in the employees as they are in committed relationships and can take up responsibilities. The reason being employees of this nature are mainly focused on their jobs since they have taken up responsibilities in their personal life it indicates they are very reliable in the work place. This however doesn’t mean that single employees are unreliable since one of the main reason why employees choose to be single is due to the fact that they know the type of sacrifices that marriages require and so they decide they want to focus first on their careers and goals before adding more responsibilities. Figure 4.4 is an illustration of the data collected.
4.3.5 Years Worked In EABL

The majority of employees in EABL had a 6 to 10 year work experience making up 32% of the overall sample. Employees who had worked for 11 to 15 years in EABL made up 23% of the population, 15 to 20 years were 20%, 1 to 5 years were 17%, above 20 years working in EABL were 6% of the sample population whereas those who had worked in EABL for less than a year made up 2% of the total population.

From the data collected above we can see that EABL employees are very loyal and this could be due to the fact that EABL treats its employees well by providing incentives such as job security, job satisfaction, employees engagement, growth opportunities, employee engagement to mention but a few. The data also implies that they are a very reliable response group for the study since majority of the employees in the study had been in the organization for 6 years and above, this means that they really understand the organization and its core values. The graphical illustration of this data is seen in figure 4.5 below.
4.4 Product Innovation and Sustainable Competitive Advantage

The first objective of the study focused on the effect of product innovation on sustainable competitive advantage at East Africa Breweries Ltd. Factors of product innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree. The results are depicted in table 4.1 below.

4.4.1 Descriptive Statistics of Product Innovation and Sustainable Competitive Advantage

The table below illustrates the results of the correlation analysis across the 37 respondents who took the questionnaire. N represents the total number of respondents in which this study was conducted. The standard deviation generally describes how much the variable differs from the rest of the data. Product innovation recorded means between 2.92 and 3.95 whereby the average mean was 3.35. This reflects an agreement that product innovation does have an influence on sustainable competitive advantage. Standard deviation values fell between 0.722 and 1.212 with an average of 0.99 thus signifying that there was a certain amount of variability in the observations.
### Table 4.1 Product Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>PRODUCT INNOVATION</th>
<th>N</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We continuously introduce new product for market competition.</td>
<td>37</td>
<td>3.95</td>
<td>0.850</td>
</tr>
<tr>
<td>ii) We keep improving on our products to compete favorably with other products in the market.</td>
<td>37</td>
<td>3.46</td>
<td>1.101</td>
</tr>
<tr>
<td>iii) The newly introduced products are well received in the market.</td>
<td>37</td>
<td>3.08</td>
<td>0.722</td>
</tr>
<tr>
<td>iv) The improved products are received well than the newly introduced products.</td>
<td>37</td>
<td>3.03</td>
<td>1.193</td>
</tr>
<tr>
<td>v) We promote the culture of innovation in employees.</td>
<td>37</td>
<td>3.24</td>
<td>1.194</td>
</tr>
<tr>
<td>vi) We are afforded resources for developing new products.</td>
<td>37</td>
<td>3.24</td>
<td>1.164</td>
</tr>
<tr>
<td>vii) Product innovation is one of our key objectives.</td>
<td>37</td>
<td>3.51</td>
<td>0.803</td>
</tr>
<tr>
<td>viii) The organization products are newest in the market in terms of customer preferences.</td>
<td>37</td>
<td>2.92</td>
<td>1.212</td>
</tr>
<tr>
<td>ix) Our products are redesigned from time to time to enable us to stay ahead of the competition.</td>
<td>37</td>
<td>3.49</td>
<td>0.841</td>
</tr>
<tr>
<td>x) Our products are considered unique from other organizations.</td>
<td>37</td>
<td>3.68</td>
<td>0.940</td>
</tr>
<tr>
<td>xi) Our products are tailored to the customer’s needs.</td>
<td>37</td>
<td>3.51</td>
<td>0.801</td>
</tr>
<tr>
<td>xii) Our customers identify well with our product catalogue.</td>
<td>37</td>
<td>3.11</td>
<td>1.132</td>
</tr>
</tbody>
</table>

#### 4.4.2 Regression Analysis of Product Innovation and Sustainable Competitive Advantage

The tables below illustrate the regression analysis conducted to show the relationship between product innovation and sustainable competitive advantage.
Table 4.2 Model Summary on Product Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
</tr>
<tr>
<td>1</td>
<td>.307</td>
<td>.094</td>
<td>.068</td>
<td>.40453</td>
<td>.094</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product Innovation  
b. Dependent Variable: Sustainable Competitive Advantage

Illustrated above is the model summary of product innovation and sustainable competitive advantage. The table 4.2 exhibits the regression model summary. From the data collected the regression analysis indicated the correlational outcome between sustainable competitive advantage and product innovation was positive. (as exhibited with r=.307*). The determination coefficient R square ($r^2$) resulted to 0.094 the significance of this value was that 9.4% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by product innovation. The remaining 90.6% of sustainable competitive advantage is accounted for by other factors outside this model and the error term.

Table 4.3 ANOVA on Product Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.597</td>
<td>1</td>
<td>.597</td>
<td>3.647</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.728</td>
<td>35</td>
<td>.164</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6.324</td>
<td>36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product Innovation  
b. Dependent Variable: Sustainable Competitive Advantage

The ANOVA table illustrates that the model was not statistically significant since the p value 0.064 is greater than the common alpha level of 0.05 thus the changes in product innovation are not associated with the changes in sustainable competitive advantage.
Table 4.4 Coefficients of Product Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.244</td>
<td>.472</td>
</tr>
<tr>
<td></td>
<td>Product</td>
<td>.266</td>
<td>.139</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sustainable Competitive Advantage

b. Independent variable: Product Innovation

The constant was highly significant with a P value less than 0.05 i.e. 0.000 while Product innovation was not with a p value of 0.064 which is greater than 0.05. The T statistical value is given as t (111) = 1.910 , p= 0.064. The results however show that one unit increase in product innovation will be equivalent to 0.307 increase in sustainable competitive advantage.

4.5 Marketing Innovation and Sustainable Competitive Advantage

The second objective of the study focused on the effect of market innovation on sustainable competitive advantage at East Africa Breweries Ltd. Factors of market innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree. This is seen in the table 4.5 below.

4.5.1 Descriptive statistics of Marketing Innovation and Sustainable Competitive Advantage

The standard deviation generally describes how much the variable differs from the rest of the data. Market innovation recorded means between 2.59 and 3.62 whereby the average mean was 3.17. This reflects an agreement that market innovation does have an influence on sustainable competitive advantage. Standard deviation values fell between 1.082 and 1.404 with an average of 1.22 thus signifying that there was a certain amount of variability in the observation.
Table 4.5 Marketing Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>MARKETING INNOVATION</th>
<th>N</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We engage in market innovation activities.</td>
<td>37</td>
<td>3.24</td>
<td>1.192</td>
</tr>
<tr>
<td>ii) We are innovative in our marketing strategies to enhance brand awareness.</td>
<td>37</td>
<td>3.32</td>
<td>1.404</td>
</tr>
<tr>
<td>iii) Our marketing is proactive rather than reactive.</td>
<td>37</td>
<td>3.05</td>
<td>1.333</td>
</tr>
<tr>
<td>iv) The management supports the activities in market department.</td>
<td>37</td>
<td>3.62</td>
<td>1.092</td>
</tr>
<tr>
<td>v) We are innovative with respect to marketing activities in order to attract more customers.</td>
<td>37</td>
<td>3.14</td>
<td>1.133</td>
</tr>
<tr>
<td>vi) We have changed our marketing techniques in the past one year.</td>
<td>37</td>
<td>3.11</td>
<td>1.173</td>
</tr>
<tr>
<td>vii) We have invested in market research in order to drive market innovation.</td>
<td>37</td>
<td>2.59</td>
<td>1.123</td>
</tr>
<tr>
<td>viii) Resources have been set for the purpose of market innovation to give the organization a strong advantage over its competition.</td>
<td>37</td>
<td>2.70</td>
<td>1.082</td>
</tr>
<tr>
<td>ix) We expands our customer base from time to time due to marketing innovation.</td>
<td>37</td>
<td>3.38</td>
<td>1.380</td>
</tr>
<tr>
<td>x) Our marketing strategies are highly focused on our target consumer base.</td>
<td>37</td>
<td>3.08</td>
<td>1.162</td>
</tr>
<tr>
<td>xi) Our innovative marketing strategies are in line with the current trends.</td>
<td>37</td>
<td>3.46</td>
<td>1.371</td>
</tr>
<tr>
<td>xii) Our marketing innovation practices resonate well with our target customer base.</td>
<td>37</td>
<td>3.32</td>
<td>1.202</td>
</tr>
</tbody>
</table>

4.5.2 Regression Analysis of Marketing Innovation and Sustainable Competitive Advantage

The tables below illustrate the regression analysis conducted to show the relationship between marketing innovation and sustainable competitive advantage.
Table 4.6 Model Summary on Marketing Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.122*</td>
<td>.015</td>
<td>-.013</td>
<td>.42193</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Marketing Innovation  
b. Dependent Variable: Sustainable Competitive Advantage

The Illustration above is the model summary of marketing innovation and sustainable competitive advantage. The table 4.6 exhibits the regression model summary. From the data collected the regression analysis indicated the correlational outcome between sustainable competitive advantage and marketing innovation was positive. (as exhibited with r=.122*). The determination coefficient R square (r²) resulted to 0.015 the significance of this value was that 1.5% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by market innovation. The remaining 98.5% of sustainable competitive advantage is accounted for by other factors outside this model and the error term.

Table 4.7 ANOVA on Marketing Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.094</td>
<td>1</td>
<td>.094</td>
<td>.526</td>
<td>.473a</td>
</tr>
<tr>
<td></td>
<td>6.231</td>
<td>35</td>
<td>.178</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.324</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Marketing Innovation  
b. Dependent Variable: Sustainable Competitive Advantage

Table 4.7 above is the ANOVA table; which showed that the model was not statistically significant in predicting the outcome of sustainable competitive advantage as affected by market innovation since the p value of Market innovation was 0.473 which was greater than the common alpha level of 0.05.
Table 4.8 Coefficients of Marketing Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.500</td>
<td>.508</td>
</tr>
<tr>
<td>Market</td>
<td>-1.15</td>
<td>.159</td>
<td>-.122</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sustainable Competitive Advantage
b. Independent Variable: Marketing Innovation

The constant was highly significant with a P value less than 0.05 i.e. 0.000 while Marketing innovation was insignificant with a p value of 0.473 which is greater than 0.05. The T statistical value is given as t (111) = -0.122 , p= 0.473. The results however show that one unit increase in market innovation will be equivalent to -0.122 increase in sustainable competitive advantage.

4.6 Process Innovation and Sustainable Competitive Advantage

The third objective of the study focused on the effect of process innovation on sustainable competitive advantage at East Africa Breweries Ltd. Factors of process innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree.

4.6.1 Descriptive statistics of Process Innovation and Sustainable Competitive Advantage

The table below illustrates the results of the correlation analysis across the 37 respondents who took the questionnaire. N represents the total number of respondents in which this study was conducted. The standard deviation generally describes how much the variable differs from the rest of the data. Process innovation recorded means between 2.43 and 3.24 whereby the average mean was 3.03. This reflects an agreement that product innovation does have an influence on sustainable competitive advantage. Standard deviation values fell between 0.962 and 1.340 with an average of 1.09 thus signifying that there was a certain amount of variability in the observations.
<table>
<thead>
<tr>
<th>PROCESS INNOVATION</th>
<th>N</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We adopt new ways of doing things from time to time.</td>
<td>37</td>
<td>3.00</td>
<td>1.002</td>
</tr>
<tr>
<td>ii) We use the newest technology in the production process to remain competitive.</td>
<td>37</td>
<td>2.43</td>
<td>1.124</td>
</tr>
<tr>
<td>iii) Our production process is quite effective.</td>
<td>37</td>
<td>3.08</td>
<td>0.953</td>
</tr>
<tr>
<td>iv) The organization is innovative in terms of its production process.</td>
<td>37</td>
<td>3.16</td>
<td>0.962</td>
</tr>
<tr>
<td>v) The organization is innovative with respect to organizational processes.</td>
<td>37</td>
<td>3.22</td>
<td>0.981</td>
</tr>
<tr>
<td>vi) Process innovation is one of the main objectives of our organization.</td>
<td>37</td>
<td>3.30</td>
<td>1.002</td>
</tr>
<tr>
<td>vii) Employees are encouraged in coming up with new ways of performing tasks that can increase the organizational efficiency.</td>
<td>37</td>
<td>3.14</td>
<td>1.340</td>
</tr>
<tr>
<td>viii) We review our processes from time to time to ensure we are operating at maximum efficiency.</td>
<td>37</td>
<td>3.24</td>
<td>1.093</td>
</tr>
<tr>
<td>ix) The organization production process is very efficient.</td>
<td>37</td>
<td>3.11</td>
<td>1.293</td>
</tr>
<tr>
<td>x) We have improved our organizational process in the past one year.</td>
<td>37</td>
<td>3.05</td>
<td>1.052</td>
</tr>
<tr>
<td>xi) Our overall process ensures that our customer needs are met.</td>
<td>37</td>
<td>3.19</td>
<td>1.241</td>
</tr>
<tr>
<td>xii) Our innovative process strategies are determined by the changes in the existing customer demand.</td>
<td>37</td>
<td>2.43</td>
<td>1.040</td>
</tr>
</tbody>
</table>
4.6.2 Regression Analysis of Process Innovation and Sustainable Competitive Advantage

The table 4.10 exhibits the regression model summary. From the data collected the regression analysis indicated the correlational outcome between sustainable competitive advantage and process innovation was positive. (As exhibited with r=.322*). The determination coefficient R square ($r^2$) resulted to 0.103 the significance of this value was that 10.3% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by process innovation. The remaining 89.7% of sustainable competitive advantage is accounted for by other factors outside this model and the error term.

Table 4.10 Model Summary on Process Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.322*</td>
<td>.103</td>
<td>.078</td>
<td>.40251</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Process Innovation
b. Dependent Variable: Sustainable Competitive Advantage

Table 4.11 ANOVA on Process Innovation and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.654</td>
<td>1</td>
<td>.654</td>
<td>4.035</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.671</td>
<td>35</td>
<td>.162</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6.324</td>
<td>36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Process Innovation
b. Dependent Variable: Sustainable Competitive Advantage
The above table is the ANOVA table; its exhibits the statistical significance of the model used in the research study with regards to outcome prediction of sustainable competitive advantage as impressed upon by process innovation since it possesses more or less to the alpha value of 0.05.

**Table 4.12 Coefficients of Process Innovation and Sustainable Competitive Advantage**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.225</td>
<td>.458</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>.306</td>
<td>.152</td>
<td>.322</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sustainable Competitive Advantage
b. Independent Variable: Process Innovation

Both the constant and process innovation were highly significant with P values less than and equal to 0.05 i.e. 0.000 and 0.05 respectively. The T statistical value is given as $t(111) = 2.009$, $p = 0.050$. The results show that process innovation does have a direct influence on sustainable competitive advantage, holding other factors constant. One unit increase in process innovation will be equivalent to 0.322 increases in sustainable competitive advantage.

**4.7 Chapter Summary**

This chapter puts forward the study outcomes and findings. The chapter was partitioned into two sections with the first providing the findings on the primary data collected from the respondents. The second part captures results on the research objectives, it analyzes the raw data through the use of the descriptive statistics demonstrating the percentage distribution of participants level of agreement with provided questions and statements in the questionnaire. Further analysis is carried out in the form of multiple regression analysis whereby the results predict how the independent and dependent variables influence one another in this research study. Chapter 5 contributes the in-depth final rundown of the findings, discussions, conclusions and recommendations concerning the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter covers the summary, discussion, conclusion and recommendations of the research based on the objectives of the study. The main objective of the study was a case study of innovation and sustainable competitive advantage in East African Breweries Limited (LTD). The study summary underlines key aspects of the research study such as the purpose of the study methodology and findings. The discussion itself mainly focuses on the study findings that facilitates the recommendations necessary for further research.

5.2 Summary of Findings

The study sought to establish the effect of innovation on sustainable competitive advantage in East African Breweries Limited. The researcher collected data from 37 employees out of a total population size of 71 employees. From the study the role of innovation was found to be very crucial with regard to the organization overall longevity as it strives to sustain its competitive edge. The specific research objectives that guided the case study were to establish the effect of product innovation on sustainable competitive advantage, to establish the effect of market innovation on sustainable competitive advantage and to establish the effect of process innovation on sustainable competitive advantage in EABL Kenya.

Product innovation showed an average mean of 3.35 and an average standard deviation of 0.99. Sustainable competitive advantage had an average mean of 3.18 and an average standard deviation of 1.03, process innovation had an average mean of 3.03 and an average standard deviation of 1.09, whereas market innovation had an average mean of 3.17 and an average standard deviation of 1.22. The standard deviation of all these variables ranged in the 1.00’s meaning they are low. A low standard deviation concluded that the data ranges are close to the mean which is the expected value in this research study so the data values were not spread over a wide range.
The regression analysis revealed that there was a positive correlation between the three variables and sustainable competitive advantage i.e. Product innovation, Market Innovation and Process Innovation had a positive correlation with Sustainable Competitive Advantage (as shown with r= 0.307*, r= 0.122* and r= 0.322* respectively). From this study we can see that innovation is a very crucial when it comes to competition in the very dynamic Alcohol and Beverage Industry and from this we can see that EABL has indeed managed to remain successful regardless of the competitive nature of its industry. The case study showed that EABL managed to sustain its long-term edge by applying various competitive strategies in its operation, these acted as the differentiating factors that contributed to its long-term success. EABL used various innovation strategies concerning marketing; products and its overall process to become the leading beer distributor in Kenya. From the data collected it was evident that there was a general satisfaction among employees in the organization, the employees overall did have a positive outlook on the organization as a whole and their loyalty was high.

5.3 Discussion of the Findings

5.3.1 Product Innovation and Sustainable Competitive Advantage
The first objective of the study was to establish the effect of product innovation on sustainable competitive advantage by East African Breweries LTD. From the data collected, we can see that the organization mainly sought to achieve a sustainable competitive advantage against its rivals in the Alcohol and Beverage Industry through the creation of new products. There was a positive correlation between product innovation and sustainable competitive advantage (as shown with r=.307*).

The determination coefficient R square ($r^2$) resulted to 0.094 the significance of this value was that 9.4% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by product innovation. The remaining 90.6% of sustainable competitive advantage is accounted for by other factors outside this model and the error term. However looking at the coefficient of product innovation the findings indicate its not statistically significant since it has a p value of 0.064 which is greater than the alpha level of 0.05, this signifies that changes in the predictor are not associated with changes in the response. The product innovation is eliminated from the overall model.
The products introduced by EABL ranged from marginally new, which are modifications of older versions of a product, to the extremely new, which are disruptive and had the capability of creating a completely new market. These results findings are very similar to the study conducted by Wong (2014) since the innovation products varied in the degree of newness in the market in which they are introduced. The findings are also similar to Kangal, (2015) which shows that innovations use assets and competencies of the organization along with innovation processes to bring about new or different market offerings, which when successful in the market bring in immense value to the firm and give the firm an edge over its rivals. From the study we see in order for EABL to succeed at constant introduction of new products they invested heavily in research and development to study the changes in trends of their customers preferences.

The evidence of this research highly relates to the 2013 study conducted by Fonseca which showed that R&D activities were highly funded by the organization to ensure a higher probability of success especially in the combination of product and process innovation. The findings were also similar to Hoang’s (2010) study which showed that the time required for product development varied across different product types, this made the return on investment highly uncertain and therefore exposing the organization to the risk of losing money if it didn’t properly conduct its research properly. Since the business environment is highly uncertain, the uncertainty has resulted to product life cycles being shorter. Although product innovation does indeed come with high risk of failure and high costs, EABL uses it as one of its key instruments to attain and sustain its long-term edge against its rivals in acquiring market share in the Industry.

This agrees with the views of Noorani (2014) which states that investing in the development of both physical and non-physical components of products and services available for sale could lead to enhanced business prospects, ultimately ensuring success. Jagdev and his colleagues (2002) further reveal that increased market share is a reflection of the sustainable competitive advantage created by the innovated product and this protects the organizations market share from products created and launched by rival companies. From the responses, we could conclude that EABL clearly understands that superior product performance doesn’t necessarily lead to commercial success. According to Bloodgood (2013) there are other variables, which determine the commercial viability of a product.
Hoang (2010), further sheds light on this in his study when he states the firm must always seek to clearly cement the superiority of its products in the mind of its customers. The success of the newly launched product lines seemed to decline as the market competition increased since consumers begun to have trouble in differentiating the products in the niche.

5.3.2 Marketing Innovation and Sustainable Competitive Advantage
The second objective of the study was to establish the effect of market innovation on sustainable competitive advantage by East African Breweries LTD. According the Webster (2002), marketing innovation is the implementation of new methods of marketing in order to satisfy the consumers’ wants and need. The results of the findings show that there was a positive correlation between Market Innovation and sustainable competitive advantage as shown with r= .122*. The determination coefficient R square (r²) resulted to 0.015 the significance of this value was that 1.5% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by market innovation. The remaining 98.5% of sustainable competitive advantage is accounted for by other factors outside this model and the error term. However, the model was not statistically significant in predicting the outcome of sustainable competitive advantage as affected by market innovation since the p value of Market innovation was 0.473 which was greater than the common alpha level of 0.05.

EABL employed marketing innovation in order to penetrate their target customer base. Bloodgood’s 2013 study revealed that the common misconception by organizations is that superior product performance always lead to commercial success but this is not true since there are other variables, which determine the commercial viability of a product. EABL didn’t fall prey to this common misconception and achieved its success through significant modifications in their product design, packaging placement, promotion and pricing. From the data collected we can conclude that there is a direct correlation between an innovative marketing mix and creating a sustainable competitive advantage. On analyzing the research study marketing innovation, as used by EABL, was an invaluable tool for the survival of organization since it equipped the firm with a long-term competitive edge against it rivals.
Mahmod et al., (2010) further emphasizes this in his study as he states the competitive position of a firm greatly depends on the firm’s ability to adapt to the changing business markets thus marketing innovation is used to equip the firm with a competitive edge against it rivals in a specific industry as they try to both acquire and retain customers. In order for EABL to easily anticipate the changes in the highly unpredictable business environment, they created a stream of constant marketing innovations based on changing customer trends data. This made the organization more proactive rather than reactive to its environment. This validates Chen (2013) findings that firms can influence their consumer base through leveraging innovative marketing practices, which in turn gives the firm a competitive advantage. The competitive position of a firm greatly depends on the firm’s ability to adapt to the changing business markets (Porter, 1985). EABL’s innovation in marketing practices enabled it to leverage the marketing concepts and research in order to influence the outcomes of novel products and innovation.

This acted as a competitive strength to the firm since they could easily analyze and determine the market attractiveness of their products and services towards customers through gauging the consumers’ feedback. This in turn enabled EABL to compare the success of their products against existing ones in the industry while also aiding them in designing and management of distribution channels. It further enhanced EABL’s understanding on the pricing architectures with regards to the constantly changing business environment and resulted in the differentiation in marketing strategies against its rivals. Nenonen’s (2014) study revealed that the occurrence of marketing innovation was found to vary across industry sectors. This is evident from the data collected in this study since the innovative marketing strategies employed by EABL were highly firm specific in nature.

5.3.3 Process Innovation and Sustainable Competitive Advantage

The third objective of the study was to establish the effect of process innovation on sustainable competitive advantage by EABL. The determination coefficient R square ($r^2$) resulted to 0.103 the significance of this value was that 10.3% of sustainable competitive advantage among organizations in the Alcohol and Beverage business is justified by process innovation. The remaining 89.7% of sustainable competitive advantage is accounted for by other factors outside this model and the error term.
The findings from this study show that the model was statistically significant in predicting the outcome of sustainable competitive advantage as affected by process innovation since it was more or less to the alpha value of 0.05. From the information gathered, we can conclude that the consumers had become highly sophisticated in their tastes and wanted their products on time. EABL realized that in order for it to keep up with the increased demands they must update their process and optimize it to ensure efficiency and competitiveness (EABL, 2014). This is in line with Wong’s (2014) findings, which showed that companies have realized that in order for them to keep up with the evolving demands of consumers they must be competitive in order to prevent their market share from being snatched by their competition.

In order to survive companies constantly explore the methods, tools and services, which can aid them in acquiring a sustainable competitive edge (Porter, 1985). According to Vakola (1999) different firms in the same industries have to employ different kinds of process innovation strategies in order to outperform one another. Process innovations bring about new avenues as well as create new opportunities for firms to benefit from. The findings show that EABL sought out process innovations, which acted as a corner stone for service improvement, new business opportunities and even enabled them to enhance their overall efficiency and performance against rivals in serving their customer base. In a study by Ettlie et.al (1984) it provided evidence that the process innovations are either radical or incremental and their main purpose is to ensure the firms longevity since they fortify the future innovation paths available to a firm.

EABLs technology improvements has played a key role in driving change in the firm and it increases its competitiveness .Its process innovations have enhanced efficiency and reduced costs. This is because technological innovation directly affects organizational performance (McKinsey & Company, 2013). In addition to this EABL introduced new technology into its process to extend its existing business model in order to create a sustainable competitive advantage against its rivals. The technology platform whereby the process innovation was based on potentially represented the creation of a new business model for both the parent company and its subsidiaries. Swart (2011) found that there were risks prevalent in the assumption that Africa would follow the same path on technological sophistication and development as the Western states.
In the research study human action in EABL was found to be very important in adopting a proactive behaviour, reducing deterministic views on technological impact. It also made it easier to develop strategic initiatives while managing the process innovation. This is because the major challenge that managers in EABL face is the obliteration of work processes that are of no value, therefore through process innovation they eliminated work processes that have been made obsolete by the business environment.

5.4 Conclusion

5.4.1 Product Innovation and Sustainable Competitive Advantage

The use of innovative strategies by EABL had played a great role in ensuring sustainable competitiveness in the Alcohol and Beverage industry. EABL had both a good theoretical and practical understanding of the innovative strategies necessary to ensure it remains dominant in its industry. The study shows that EABL takes its time in studying its markets and its target customers to ensure that their need are effectively met. Therefore, new products are introduced to the market to acquire new customers whereas old products are modified from time to time in order to retain their customer base by adjusting to their newly developed needs and compete favorably in the market hence sustaining its competitive edge.

5.4.2 Marketing Innovation and Sustainable Competitive Advantage

The study shows that EABL’s continuous success lies not in the use of one type of strategy but in the combination of different sets of innovative strategies that enable it to produce its desired results. EABL actively involves all its employees in developing the necessary strategies required to achieve its goals. This in addition to the company benefits give the employees a sense of pride and loyalty thus boosting their morale and in turn reflects in the companies yearly positive results. In conclusion EABL’s innovation in marketing practices enables it to leverage the marketing concepts and research in order to influence the outcomes of novel products and innovation. It further enhances EABL’s understanding on the pricing architectures concerning the constantly changing business environment.
5.4.3 Process Innovation and Sustainable Competitive Advantage

From the findings we can also see that EABL does heavily promote a culture of innovation in the organization among employees, therefore, we can conclude that EABL actively employs innovation and that it’s a crucial element in sustaining its long term competitive advantage against its rivals in its industry. EABL introduced new technology into its process to extend its existing business model in order to create a sustainable competitive advantage against its rivals. This is because the major challenge that managers face is the obliterating of work processes that are of no value. In conclusion, through process innovation EABL eliminates work processes that have been made obsolete by the dynamic business climate.

5.5 Recommendations

5.5.1 Recommendations for improvements

5.5.1.1 Product Innovation and Sustainable Competitive Advantage

The local and global economy is in constant flux which is driven by both environmental and technological advancements and developments which directly influence both the social and political climate. The future outlook for East African Breweries Limited is very positive since it’s still a market leader in the Alcohol and Beverage industry in Kenya. The recommendation for this is that EABL should invest more in studying their target customers and emerging trends in order to tailor their products to the wants and needs of their customers. They must also ensure that they maintain a ready pipeline of products to be launched in order to stay steps ahead of their rivals in meeting customer demands.

5.5.1.2 Marketing Innovation and Sustainable Competitive Advantage

Technological advances have resulted in the heavy fragmentation of the market. Consumers have become highly sophisticated in their taste preferences and needs and thus require more targeted marketing ads. This excessive market fragmentation has created niches which lack profitability in the grand scheme of things. Although this is the current situation EABL must seek to employ more of its resources with regards to generating leads and converting them. Their ad campaigns must be highly targeted and unique in order to help them penetrate the noise created by marketing ads from rival companies that constantly bombard and confuse customers on a daily basis. By doing this they stand out and reach their customers with their message.
5.5.1.3 Process Innovation and Sustainable Competitive Advantage

The study recommends that the EABL continues to adopting more innovative strategies to ensure its long-term growth and sustainability while meeting its markets needs. When employing innovative strategies, EABL should ensure that they greatly take into consideration the emerging trends especially conserving the natural environment. By incorporating this ecological aspect into its process innovations it creates as a very distinct sustainable competitive advantage and barrier of entry against its rival in the same industry. It gives the organization leeway with regards to future environmental regulations, the government and society at large.

5.5.2 Recommendations for Further Research

The researcher recommends that a similar study be done with regards to other forms of innovation seeing as the study only focused on three dimensions of innovation i.e. product innovation, marketing innovation and process innovation therefore further research must be done on other types of innovation like organizational innovation on sustainable competitive advantage. The research is done also outside the Alcohol and Beverage industry to ensure that a more accurate picture is depicted from the research.
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15 February 2018.

To whom it may concern

RESEARCH PROJECT BY PETER MUNGLA-STUDENT ID: 645532

The bearer of this letter is a student at the United States International University-Africa Pursuing a Masters Degree in Business Administration (MBA).

As part of the program, he is required to undertake a research project on “Innovation and Sustainable Competitive Advantage in Kenya: A Case Study of East African Breweries Limited (LTD).” This requires him to collect data and information from the various relevant institutions.

Kindly assist by enabling him access data, information and contracts with respondent who can complete his questionnaires. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any queries regarding the student research please feel free to contact me on my email, lewapm@usiuafrica.ac.ke or phone, +254730116415.

Yours sincerely,
Appendix 2: Questionnaire

SECTION A: GENERAL INFORMATION

1. Indicate your gender:
   i) Male [ ]    ii) Female [ ]

2. What is your age?
   i) Below 21 years [ ]    ii) 22 – 35 years [ ]
   iii) 36 – 45 years [ ]    iii) 46 – 55 years [ ]
   iv) Over 55 years [ ]

3. What is your academic qualification?
   i) Primary [ ]    ii) Secondary [ ]
   iii) Certificate [ ]    iv) Diploma [ ]
   v) Bachelors [ ]    vi) Masters [ ]
   vi) Doctorate [ ]

4. Indicate marital status:
   i) Single [ ]    ii) Married [ ]
   iii) Divorced [ ]    iv) Widowed [ ]

5. For how long have you worked in East Africa Breweries Ltd?
   i) Below 1 year [ ]    ii) 1 – 5 years [ ]
   iii) 6 – 10 years [ ]    iv) 11 – 15 years [ ]
   v) 15 – 20 years [ ]    vi) Above 20 years [ ]
SECTION B: PRODUCT INNOVATION
Using the Likert scale provided below, please tick on the following statements which best describe your opinion (Strongly agree=5, agree=4, Neutral=3, Disagree=2, strongly Disagree=1)

<table>
<thead>
<tr>
<th>PRODUCT INNOVATION</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We continuously introduce new product for market competition.</td>
<td></td>
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<tr>
<td>ii) We keep improving on our products to compete favorably with other products in the market.</td>
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<tr>
<td>iii) The newly introduced products are well received in the market.</td>
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<tr>
<td>iv) The improved products are received well than the newly introduced products.</td>
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<tr>
<td>v) We promote the culture of innovation in employees.</td>
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<tr>
<td>vi) We are afforded resources for developing new products.</td>
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<tr>
<td>vii) Product innovation is one of our key objectives.</td>
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<tr>
<td>viii) The organization products are newest in the market in terms of customer preferences.</td>
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<tr>
<td>ix) Our products are redesigned from time to time to enable us to stay ahead of the competition.</td>
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<tr>
<td>x) Our products are considered unique from other organizations.</td>
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<tr>
<td>xi) Our products are tailored to the customers needs.</td>
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<td>xii) Our customers identify well with our product catalogue.</td>
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</tbody>
</table>
SECTION C: MARKET INNOVATION
Using the Likert scale provided below, please tick on the following statements which best describe your opinion (Strongly agree=5, agree=4, Neutral=3, Disagree=2, strongly Disagree=1)

<table>
<thead>
<tr>
<th>MARKET INNOVATION</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We engage in market innovation activities.</td>
<td></td>
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<tr>
<td>ii) We are innovative in our marketing strategies to enhance brand awareness.</td>
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<tr>
<td>iii) Our marketing is proactive rather than reactive.</td>
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<tr>
<td>iv) The management supports the activities in market department.</td>
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</tr>
<tr>
<td>v) We are innovative with respect to marketing activities in order to attract more customers.</td>
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</tr>
<tr>
<td>vi) We have changed our marketing techniques in the past one year.</td>
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<tr>
<td>vii) We have invested in market research in order to drive market innovation.</td>
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<tr>
<td>viii) Resources have been set for the purpose of market innovation to give the organization a strong advantage over its competition.</td>
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<tr>
<td>ix) We expands our customer base from time to time due to marketing innovation.</td>
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<tr>
<td>x) Our marketing strategies are highly focused on our target consumer base.</td>
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<tr>
<td>xi) Our innovative marketing strategies are in line with the current trends.</td>
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<tr>
<td>xii) Our marketing innovation practices resonate well with our target customer base.</td>
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</tbody>
</table>
SECTION D: PROCESS INNOVATION

Using the Likert scale provided below, please tick on the following statements which best describe your opinion (Strongly agree=5, agree=4, Neutral=3, Disagree=2, strongly Disagree=1)

<table>
<thead>
<tr>
<th>PROCESS INNOVATION</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) We adopt new ways of doing things from time to time.</td>
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<tr>
<td>ii) We use the newest technology in the production process to remain competitive.</td>
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<tr>
<td>iii) Our production process is quite effective.</td>
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<tr>
<td>iv) The organization is innovative in terms of its production process.</td>
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<td></td>
</tr>
<tr>
<td>v) The organization is innovative with respect to organizational processes.</td>
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</tr>
<tr>
<td>vi) Process innovation is one of the main objectives of our organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>vii) Employees are encouraged in coming up with new ways of performing tasks that can increase the organizational efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii) We review our processes from time to time to ensure we are operating at maximum efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix) The organization production process is very efficient.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>x) We have improved our organizational process in the past one year.</td>
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<td></td>
</tr>
<tr>
<td>xi) Our overall process ensures that our customer needs are met.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xii) Our innovative process strategies are determined by the changes in the existing customer demand.</td>
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</tr>
</tbody>
</table>
SECTION E: SUSTAINABLE COMPETITIVE ADVANTAGE

Using the Likert scale provided below, please tick on the following statements which best describe your opinion (Strongly agree=5, agree=4, Neutral=3, Disagree=2, strongly Disagree=1)

<table>
<thead>
<tr>
<th>SUSTAINABLE COMPETITIVE ADVANTAGE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) The organization’s innovation activities has enhanced its overall efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) The organizational measures put in place are sustainable in the long run.</td>
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<td></td>
<td></td>
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<td>iii) The organization has a considerable market share that has been the cause its innovation practices.</td>
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<td>iv) The organization innovation activities enables it to outshine its competitors on the market.</td>
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<td>v) The demand for our company products keep on increasing due to our innovations.</td>
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<td>vi) Our organization is more often the trend setter which has resulted in the expansion of its customer base.</td>
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<td>vii) The organization requires outside help to sustain its competitive advantage.</td>
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<tr>
<td>viii) The organization innovation activities enables it to outshine its competitors on the market.</td>
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<td>ix) Our innovative strategies gives us a longer term sustainable competitive advantage</td>
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<td>x) Our innovative strategies are harder for our rivals to mimic therefore sustainable.</td>
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<td>xi) Our company has experienced sustainable growth in profits due to our innovative strategies.</td>
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<td>xii) Our innovative strategies have resulted in a sustainable growth in our market share.</td>
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</table>

THANK YOU.