INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

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CONTENTS

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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

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CONTRIBUTIONS TO BOOKS

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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STRATEGIC RESPONSES TO CHANGES IN THE EXTERNAL ENVIRONMENT: A CASE OF EAST AFRICAN BREWERIES LIMITED

PATRICIA GACHAMBI MWANGI
ASST. LECTURER
CHUKA UNIVERSITY
CHUKA

MARTIN MUTWIRI MURIUKI
PURCHASING MANAGER
TOTAL KENYA LTD.
NAIROBI

NEBAT GALO MUGENDA
LECTURER
CHUKA UNIVERSITY
CHUKA

ABSTRACT

Organisations exist and operate within the environment. The environment can be classified into the external environment consisting of factors beyond the firm's control and the internal environment consisting of factors within the firm's control. Since the external environment is uncontrollable, the firm has to match its operations to the external environment in order to survive and succeed. The environment is dynamic and so for organisations to be effective, they should respond appropriately to changes in their respective environments. Strategic responses are the actions that organisations take to align themselves to their environments. This study adopted a case study approach to establish whether strategic responses are relevant to already successful companies. East African Breweries Limited has been a market leader in the alcoholic beverages industry in Kenya and even when it was faced by fierce competition it managed to dominate the industry. The study used both primary data collected through interviews with members of the company's management and secondary data obtained from the company's in-house publications, websites and newspapers. Content analysis was performed on the data. The study established that the company responded to only those changes which greatly impacted on the company's activities. The company had applied various strategic responses to address these changes namely market development, product development and modification, vertical integration, information systems change, innovation, product differentiation, outsourcing, shared services centre and aggressive marketing campaigns . The study concluded that even for successful companies strategic responses were crucial in assuring continued success.

JEL CODE
M19.

KEYWORDS
Environment, Strategies, Strategic responses.

1.1 INTRODUCTION

Strategic responses are the decisions that are made by a firm in order to align the firm to environmental changes. According to Pearce and Robinson (1997) strategic responses are a set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm's objectives. In achieving the firm's objectives, management is faced by a complex and changing environment which impacts heavily on the firm. To ensure continued survival, management has to come up with a game plan in response to environmental changes which is the firm's strategy. For organisations to be effective and hence successful, they should respond appropriately to changes that occur in their respective environment. Consequently they need strategies to focus on their customers and deal with the emerging environmental challenges.

Johnson and Scholes (1997) defined strategy as the direction and scope of an organisation over the long term which achieves advantage for the organisation through its configuration of resources within a changing environment to meet the needs of markets and to fulfil stakeholder expectations. This, they argued, involves matching of an organisation's activities to the environment in which it operates. In addition, they argued that strategy can also be seen as building on or stretching an organisation's resources and competences to create opportunities or capitalize on them. This idea does not just imply ensuring resources are available or can be availed to take advantage of new opportunities in the environment but it means identifying existing resources and competences which might be a basis for creating new opportunities in the market place.

Abbot (2007) argued that sometimes what is so much referred to as strategy is usually an operational plan involving some wishful thinking and a projection of existing status quo into the future and adjusting by a given percentage. He argued that hard analysis and ruthless questioning of fundamental assumptions is usually lacking in such plans. He went ahead to define strategy as the unique and distinctive actions a company takes to achieve a competitive advantage that will contribute to greater net profitability. He further suggested that strategy is all about creating a distinctive approach to a customer differentiated value proposition. He concurred that having a strategy is important and cited the case of Safaricom's entry in Kenya where it focused on the mass market as opposed to its competitors whose focus was on the high and middle income earners and made a record breaking pre-tax profit of 17.79 billion.

According to Byars (1991), strategic responses are different from operational responses. Operational responses are concerned with efficiency of operations. Strategic responses on the other hand affect several areas of operation, require top management decisions and large amounts of money, are future-oriented and affect long-term prosperity of the firm and most importantly are dependent on the environment. Therefore each firm adopts strategies that match its environment and that are supported by the firm's internal capability.

1.1.1 EAST AFRICAN BREWERIES LIMITED

East African Breweries Limited is a company cross-listed in the Nairobi Stock Exchange, the Uganda Stock Exchange and the Dar-es-salaam Stock Exchange (Mwangi, 2005). East African Breweries Limited has an annual turnover of Kshs 30 Billion and it has the largest share of the beer industry in the region. East African Breweries Limited is the holding company for Kenya Breweries Limited, Uganda Breweries Limited, United Distillers and Vintners, International Distillers Uganda, Central Glass Industries and East African Maltings Limited (Mogusu, 2007; Waithaka, 2007). Kenya Breweries Limited and Uganda Breweries Limited are the beer brewing subsidiaries, United Distillers and Vintners and International Distillers Uganda are the spirits distilling subsidiaries, Central Glass Industries manufactures glass bottles and East African Maltings Limited produces barley.

East African Breweries Limited was started in 1914 and was first incorporated as a private company in 1922, trading under the name Kenya Breweries Limited. It was listed on the Nairobi Stock Exchange for the first time in 1954 (Mwangi, 2005). In 1972, the company completed the largest public share issue in Kenya's history raising the number of shareholders to more than 23,000. In 1990, the company held its first ever strategic planning session which laid the groundwork for a major restructuring of the company.

In the year 2002, East African Breweries Limited signed license agreements with South African Breweries International and agreed terms for share exchanges in Kenya Breweries Limited and Tanzania Breweries Limited. In the agreement South African Breweries International closed its brewing operation, Castle Breweries Kenya and retained its investment in Kenya by taking a 20% shareholding in Kenya Breweries Limited. On the other hand, East African Breweries Limited closed its Kibo Brewery in Tanzania and retained its investment in that country by acquiring a 20% shareholding in Tanzania Breweries Limited. Castle Breweries Kenya was East African Breweries Limited's biggest competitor for its brewing operations thus its closure left East African Breweries Limited as the only beer brewing operation in Kenya. The rest of the beer brands in the country were imported brands (Njuri, 2002; Munaita, 2004). Keroche Breweries, which is East African Breweries Limited's main competitor, was established in 1997 but it still commands a minority share of the market.

1.2 REVIEW OF LITERATURE

1.2.1 STRATEGIC RESPONSES

Strategic responses are the strategies adopted by organisations in response to changes in the environmental conditions. Faced with the increasingly complex environment, a firm needs to develop strategic responses (Johnson, Scholes and Whittington, 2005). Ansoff and McDonnell (1990) defined strategy basically as a set of decision-making rules for guidance of organisational behaviour. They further added that there are four distinct types of such rules. The first is yardsticks by which present and future performance of the firm is measured. The quality of yardsticks they say are called objectives and the desired quantity are goals. The second type is rules for developing the firm's relationship with its external environment which are called product-market or business strategy. The third type is rules for establishing internal relations and processes within the organisation which are referred to as the organisational concept. Lastly, are the rules by which the firm conducts its day-to-day business which are called the operating policies.

Aosa (1992) argued that strategy is creating a fit between the external characteristics and the internal conditions of an organisation to solve a strategic problem which is a mismatch between internal characteristics of an organisation and its external environment. The match is achieved by developing an organisation's core capabilities related to the external environment well enough to allow for exploitation of opportunities in the external environment and minimization of threats. Abbot (2007) defined strategy as the unique and distinctive actions a company takes to achieve a competitive advantage that will contribute to greater net profitability. Strategy he said is all about creating a distinctive approach to a customer differentiated value proposition.

Mintzberg, Quinn and Ghoshal (1998) viewed strategy from five interrelated definitions which are in terms of strategy as a plan, ploy, pattern, position and perspective. Strategy as a plan specifies a deliberate, consciously intended course of action that is designed in advance of the actions it governs. Strategy as a ploy is a specific manoeuvre intended to outwit competitors. As a pattern, strategy emerges from a stream of actions, visualized only after the events it governs and is developed in the absence of intentions and without preconception. This they termed as emergent strategy. As a position, strategy is a means of locating an organisation in the environment and indicates how the organisation will develop a sustainable competitive advantage. As a perspective, strategy gives an organisation an identity and reveals the way an organisation perceives the outside world. They argued that no one definition should be preferred to the others. In some senses they can be considered as alternatives or complementary approaches to strategy.

1.2.2 EXTERNAL ENVIRONMENT

Pearce and Robinson (1991) defined the external environment as that part of the environment which consists of all the conditions and forces that affect a firm's strategic options but are typically beyond the firm's control. They argued that the strategic management model shows the external environment to consist of two interactive and interrelated segments which are the operating environment and the remote environment. The operating environment, also referred to as the competitive or task environment, consists of forces and conditions within a specific industry and a specific competitive operating situation which is external to a firm and influence the selection and attainment of alternative objectives or strategies. Changes in this environment are shaped by strategic actions taken by a firm or its competitors, consumers, users, suppliers and creditors. The operating environment is subject to much more influence or control by the firm thus calls for proactivity on the part of the firm.

The remote environment consists of forces and conditions that originate beyond and are irrespective of any single firm's operating environment. It provides the general economic, political, social and technological framework within which competing firms operate in. Economic considerations give the nature and direction of the economy and a firm must understand these considerations both on a national and international scale. They influence the general availability of credit, level of disposable income and propensity of people to spend. Social considerations include the beliefs, values, habits, attitudes, opinions and lifestyles derived from the cultural, demographic, religious, education and ethnic conditioning. These influence demand and consumption patterns. Political considerations define the legal and governing parameters which the firm must operate by. Technological considerations must be monitored to ensure a firm is not rendered obsolete and also to promote innovation. The firm basically exists within the physical or ecological environment and derives most of its inputs from it.

1.2.3 COMPETITIVE ENVIRONMENT

Porter (1980) on the other hand argued that although the relevant environment is very broad encompassing of social as well as economic forces, the key aspect of the firm's environment is the industry it competes in. He advanced five forces that according to him define the state of competition in an industry. New entrants in an industry bring in new capacity, a desire to gain market share and in some cases substantial resources. Rivalry among firms involves jockeying for positions in the industry through activities like price wars, advertising campaigns, product innovations and customer service. Threat from substitute products comes because substitutes limit the potential returns in an industry. Buyers compete with an industry by forcing down prices, bargaining for better products or playing competitors against each other at the expense of industry profitability. Suppliers exert a threat to an industry by threatening to raise prices or reduce quality of purchased inputs thereby squeezing profits from an industry. In order to succeed in the industry, the firm has to formulate competitive strategies to relate to these forces.

1.2.4 INTERNAL ENVIRONMENT

The internal environment can also be referred to as internal capability. It comprises of those factors that are within the firm and can be controlled by the firm. It includes factors like financial resources, technology, human resources, structures and processes. Pearce and Robinson (1991) suggested that these are factors that give the organisation its strengths and weaknesses. The internal strengths and weaknesses they argued help in narrowing the choice of alternatives and selecting strategies to deal with the external environment. Johnson and Scholes (1997) approached the internal environment from what they termed as strategic capability. They defined strategic capability as consisting of three factors namely; resources available to the firm, competence with which the firm's activities are undertaken and balance of resources, activities and business units. They concluded that there was no best or worst set of resources and competences. They can only be assessed in relation to the strategy which the organisation is pursuing.

Thompson, Strickland and Gamble (2007) argued that in devising and executing a strategy, managers must start with assessing what the organisation must do differently to carry out the strategy successfully. That means the firm must make internal changes. They argued that the managerial component in strategy execution involves building the organisation with competencies, capabilities and resources, strength to execute strategy successfully, marshalling sufficient money and people to execute strategy, instituting policies and procedures that facilitate strategy, adopting best practices and pushing for continuous improvement on value chain activities, installing information and operating systems that enable personnel to carry out their strategic roles proficiently, tying rewards to achievement of strategic targets and installing a corporate culture that promotes good strategy execution.

1.2.5 THE STRATEGIC SUCCESS HYPOTHESIS

Ansoff and McDonnell (1990) explained the changes in the environment in terms of what they referred to as turbulence. According to them environmental turbulence is a combined measure of the changeability and predictability of a firm's environment. In advancing the strategic success hypothesis, they introduced what they termed as a firm's strategic aggressiveness. This they described by the degree of continuity from the past of the firm's new products, competitive environments and marketing strategies and timeliness in introducing the new products appearing on the market. From this they advanced the strategic success hypothesis which prescribes that for a firm to succeed its strategies must match the environment and further that its internal capability must match the strategies. Pearce and Robinson (1991) argued that for strategy to succeed three ingredients must be in place. First the strategy must be consistent with the competitive environment conditions. Secondly, the strategy must place a realistic demand on the firm's internal resources and capabilities. Lastly, strategy must be carefully executed.

Challenges faced by different industries are different. As a result it is no longer possible to devise a single prescription for response to challenges which would apply to all industries and firms (Ansoff and McDonnell, 1990). This therefore means that each organisation develops strategies that match its own conditions. What works for one organisation may not work for another. Each organisation must find what works for it in order to succeed. According to Ferrell, Hartline and Lucas (2002), each organisation must carry out a situational analysis which must always include analysis of the internal and external environments to determine the responses to adopt in order to survive and succeed in the environment.

1.3 STATEMENT OF THE PROBLEM

The rationale behind relating strategies to the environment is that strategy is intended to achieve competitive advantage for the organisation. Most authors concur that strategy is important to achieve competitive advantage however they do not suggest what happens after competitive advantage is achieved. Are strategic responses relevant after achieving competitive advantage? Do successful organisations need to respond to the environment? This study sought to answer this question through an in-depth study of one of the most successful companies in Kenya.

1.4 RESEARCH OBJECTIVES

The study aimed at establishing whether strategic responses were deemed necessary for East African Breweries Limited since the company was already successful and had achieved competitive advantage. The study therefore aimed at addressing the following specific objectives:

- To determine changes in the external environment that affect East African Breweries Limited
- To determine whether East African Breweries Limited responded to the changes in the external environment
- To determine the strategic responses by East African Breweries Limited to these external environmental changes

1.5 RESEARCH METHODOLOGY

This was a case study of East African Breweries Limited. A case study embraces depth rather than breadth of a study. The study therefore involved an in-depth exploration of the strategic responses by East African Breweries Limited to changes in the environment. The study made use of both primary and secondary data. Secondary data was obtained from the company's records such as published financial statements, in-house magazines and publications. Data was also obtained from newspapers, trade journals, magazines, websites and internal communication media like the notice boards and posters. Primary data was collected through interviews. Content analysis was then performed on the data to allow for an in-depth understanding of issues in the case.

1.6 RESULTS AND DISCUSSIONS

1.6.1 STRATEGY FORMULATION

The study established that East African Breweries Limited had periodic strategic plans and the company was targeting to be the number one drinks company in Eastern Africa. Every year the senior executives would hold a strategy seminar whereby they would break down the long-term plans into annual plans. The annual targets would then be cascaded down such that each business area would have its annual targets. The annual targets would be cascaded down from the senior business executives to each individual such that each individual would be aware at the beginning of the financial year what they would be expected to contribute for the company to achieve its goals. At the business and departmental level the goals would be captured by a mission statement and at the individual level the goals would be captured by performance commitments known as 'Partners for Growth'. These performance commitments would form the basis of performance evaluation at the end of the year which would determine the salary increments and bonus payments to members of staff.

1.6.2 ENVIRONMENT

In determining the strategic plans, the senior executives would carry out a review of environmental conditions and potential changes in these conditions. From this analysis, they would determine the likely threats and opportunities posed to the company. Based on the expected threats and opportunities, they would determine the strategies to undertake in the course of the year in response to these changes. The study established that although there had been many changes in the external environment variables, the following changes had impacted the company to a large extent leading to the company drafting strategic responses to address the changes. In the political-legal framework, the company had faced greatest challenges from taxation. Due to the classification of the company's products as potentially harmful products, the government had continued to increase the excise duties levied on the products leading to increase in cost of production. However, with the proliferation of illicit brews and many cases of deaths and other tragedies on consumption of the brews, the government had removed the duties on the beer brands targeted to low income groups.

In the technological environment, East African Breweries Limited had been operating with many disjointed information systems which were becoming obsolete. In addition, most companies had moved from use of glass bottles to cheaper plastic bottles. Therefore, glass manufacturers had challenges on where to sell their products and had been forced to move to other product lines. The company was faced with challenges on procuring glass bottles for packaging. In the economic environment, the company had been affected by the low-income levels, business cycles, cost of factors of production and liberalization.

The socio-cultural environment variables like gender, changing lifestyles, safety concerns especially in consumption of illicit brews, drunken driving accident rates leading to the introduction of the Alco-blow and underage drinking had impacted on East African Breweries Limited's strategies to a large extent. The company had faced the strongest opposition from the National Agency for the Campaign against Drug Abuse especially with the rise of underage consumption of alcohol. Physical environment changes especially weather patterns, poor infrastructure, disease attacks especially the yellow dwarf disease and pest attacks mainly impacted East African Maltings Limited subsidiary. The competitive pressures faced by the company were mainly from beer exports and other companies mainly Kenya Wine Agencies Limited, London Distillers and Keroche Breweries.

1.6.3 STRATEGIC RESPONSES

The company had put in place various strategies to deal with the above environmental changes. The first strategy was market development. The company had effected this strategy by exporting its brands to other countries. It had penetrated the new markets especially using its flagship brand, Tusker. The company had entered countries like Djibouti, Sudan, Rwanda, Australia, Japan, USA, Canada and United Kingdom in response to the opportunities created by globalization, liberalization and stabilizing political conditions especially in Sudan and Rwanda.

The company had rolled out a new information system across its business. The system referred to as Systems Applications and Products in data processing had been implemented to cover the business processes on an end-to-end basis that is from production to financial reporting. The implementation had cost the company Kshs. 1 billion and was expected to deliver simpler, faster and better operations for the company. The system had been in response to the need for a streamlined system, enhanced accountability, robust internal controls and provision of real time data for decision making triggered by availability of new technology. The company had also put in place new technologies for production among its subsidiaries. In Kenya Breweries Limited, the company had put in place a new keg line to boost production of Senator Keg. In United Distillers and Vintners, the company had put up a new spirits line to boost production of the spirits. In Uganda Breweries Limited, the company had invested in new dual-purpose vessels to be used in fermentation and storage of beer in a bid to boost its capacity in order to meet consumer demand. In Central Glass Industries, the company had put up a new furnace and in East African Maltings Limited, a new malt house had been constructed. These were to replace obsolete equipment in the production of glass and malting of barley.

East African Breweries Limited's core business was beer brewing and spirits distillation and selling. However, faced with the rise in cost of raw materials and need for reliability on the part of the suppliers of such raw materials, the company employed the backward vertical integration strategy. This strategy involves acquisition of businesses that supply the organisation with inputs. East African Maltings Limited would provide the brewing subsidiaries with malt and barley for beer brewing. To achieve this, East African Maltings Limited would contract farmers and provide them with raw materials for growing barley, which the subsidiary would process into malt for production of beer. Central Glass Industries on the other hand would produce glass bottles for the company used in packaging beers and spirits.

East African Breweries Limited had applied the innovation strategy by coming up with new products to meet changing consumer needs. Senator keg had been launched on a joint initiative with the Kenyan Government to curb the consumption of illicit liquors. Senator keg was a cheaper beer targeted at the low income earning population due to the low taxes on the product. VAT 69 had also been introduced in the market to meet the needs of spirit consumers who felt that Bond 7 was an old spirit that did not appeal to their image. In addition, the company had introduced V&A, a cream based liqueur meant to appeal to ladies. To meet the demands of the health conscious consumers, East African Breweries Limited had launched White Cap Light and Malta Guinness. White Cap Light being a reduced calories beer for those consumers who are concerned about their calories intake and Malta Guinness being a non-alcoholic malt-based energy drink for both alcohol and non-alcohol consumers. To address the physical environment changes, East African Maltings Limited developed a more drought resistant, pest resistant and higher quality barley variety named Nguzo following 11 years of research. Prior to this, only two barley varieties were in production that is Sabini and Karne.

East African Breweries Limited applied differentiation strategy by matching consumer motivations with the brand image. Brand image involved the social perceptions like masculine, feminine, older, young, personalities like fun loving and product features. Tusker was associated with patriotism in Kenya while Bell and Uganda Waragi were associated with patriotism in Uganda. Tusker Malt lager and Johnnie Walker spirits were associated with people who seek status and prestige. Smirnoff ice and Baileys were associated with ladies. White Cap was mostly perceived as a beer for the older generation while Guinness was for starters. The company also differentiated its products by outlets and matched its advertising and promotions by the outlets. Outlets were ranked by the income levels of the patrons and locations. The five star restaurants and pubs would only stock high-end beers and spirits associated with status like Tusker Malt Lager, Baileys, Johnnie Walker, Smirnoff and Tusker. On the other hand local estate pubs would not have the status brands and instead they would stock the lower end brands and the affiliation brands like Tusker, Pilsner and Senator. In the very low-income areas like the slums, the only brands available would be Senator Keg. The high end pubs would not run promotions and would not even have posters advertising while in the low end pubs the promotions would form a key activity.

East African Breweries Limited had applied product development and modification strategy to its products to appeal to a wider range of consumers. The company had introduced Smirnoff Black, which targeted men who would normally take Smirnoff ice but considered it a ladies' drink and so avoided it. In addition the company modified the labelling of Uganda Waragi in a bid to give it a fresh and modern look and White Cap Light had been developed to appeal to younger consumers. Guinness packaging was also modified from the 500ml bottle to the 300ml bottle. The company had also incorporated the use of cheaper and more readily available sorghum instead of barley in beer production. In barley production, East African Maltings Limited had expanded to Uganda to find new farming areas. Previously barley growing was concentrated in Kenya. The company also targeted to take advantage of the favourable physical conditions in the region as well as the lower excise duties on locally produced goods provided by the Ugandan Government. In addition, the subsidiary had entered into agreements with Aon Minet Insurance Brokers to insure farmers' barley produce. This was in response to the problem of crop loss that farmers faced occasioned by changes in climatic conditions. Glass is normally in three different colours that is amber, green or flint (clear). Central Glass Industries had succeeded to develop its processes such that it could produce the three types of glass using the same furnace. This had set it apart since it was the only glass manufacturer in the region that produced the three colours of glass containers. In addition, due to the threat posed by plastic bottles, it had also modified its glasses to lighter and more cost effective glasses.

East African Breweries Limited had outsourced most of its non-core activities as part of its strategy. The company had outsourced services like casual and temporary human resource management, payroll processing, fleet management, product distribution, clearing, information technology hardware management, security, cleaning and catering. The need to outsource arose from the need to reduce cost in order to remain profitable occasioned by low economic growth and also to improve efficiency. In addition outsourcing would also help to meet changing consumer needs since the non-core activities which would take up a lot of management time would be removed from them allowing them time to concentrate on consumer needs.

The company had also established a shared services centre. This concept involved setting up a hub, which would perform given functions for the whole company. The shared services centre would perform all the financial accounting and reporting activities for the East African Breweries Limited group of companies. In addition, the procurement function and information systems services were performed from central locations. This concept reduced costs attributed with duplication of services among subsidiaries. This helped the company address the problems associated with low economic growth and thus the need to reduce costs of operation. It also helped to increase efficiency and synergies for the company.

The company had continued to invest in aggressive marketing campaigns. Despite, Keroche Breweries being a weaker competitor in beer brewing in Kenya, the company faced competition from some imported brands like Heineken, Stella Artois, Sierra and Windhoek. In addition there were competitors in the spirits line like London Distillers and Kenya Wine Agencies Limited. There was also the threat of new entrants because the Kenyan economy was still liberalized and unless East African Breweries Limited ensured that its brands were at the top of consumers' minds new entrants would always pose a major threat. East African Breweries Limited would also run marketing campaigns according to business cycles because seasons like Christmas and Easter would fetch high sales volumes. East African Breweries Limited had therefore continued to run advertisements and promotions that always remind consumers of their presence.

1.7 RECOMMENDATION

East African Breweries Limited had been very successful in its strategic responses and had managed to dominate the spirits and beer industry. However, East African Breweries Limited's vision was to be the number one drinks company in Eastern Africa. The company seemed to focus mainly on the alcoholic drinks but in order to achieve its vision it needed to increase its attention on the non-alcoholic drinks. The only non-alcoholic drinks that were produced by the company were Malta Guinness and Alvaro. The company therefore needed to engage its resources to understand the non-alcoholic drinks industry and devise strategies to compete effectively in that industry as well if it was to achieve its vision.

1.8 CONCLUSION

East African Breweries Limited had employed a great mix of strategic responses in various facets of the business in order to cope with environmental changes. Though not clearly distinct, the strategic responses adopted by East African Breweries Limited seemed to be in line with the Pearce and Robinson's (1991) grand strategies namely concentration, market development, product development, innovation, integration, joint venture, diversification, turnaround, divestiture and liquidation. In addition the company had adopted other recent strategies like outsourcing and shared services centres. East African Breweries Limited had been one of the most successful companies and in Kenya it dominated the beer and spirits industry. The company had managed to get ahead of its competitors. However, the company still found it necessary to engage in strategic planning. The company still monitored changes in the environment and put in strategic responses to address the changes. This answered one of the key questions posed by the study, which was whether strategy was important for a company that had managed to beat the competition. From the findings of the study therefore, strategy was still important for a company that had managed to beat its competitors and dominate the market. This was because environmental changes could still drive the company out of the market and force it to wind up. Therefore environmental monitoring and strategic responses to environmental changes were very important for a company to survive and remain profitable in the environment.

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