

COMPETITIVE STRATEGIES AND PERFORMANCE OF SUPERMARKETS

Win Yin Htike*

Abstract

This study aims to analyse competitive strategies and supermarkets' performance. Supermarkets have become very competitive today and are facing challenges due to the changing lifestyles and the demanding nature of today consumers. Amid heightened competition, supermarket managers need to understand the impact of different competitive strategies in order to choose appropriate ones that lead to survival and prosperity of the supermarkets' performance. The purpose of the study is to identify the competitive strategies adopted by the supermarkets and to analyze the linkages between the competitive strategies and the performances of supermarkets at determining the mediating effects of firms' operational characteristics, on the link between competitive strategies and performance of supermarkets in Yangon. Primary data are collected from (15) senior managers and (35) branch managers of supermarkets through in-depth personal interviews and a questionnaire survey regarding their competing practices and organization performance. Moreover, performance data are also collected from (481) employees and (512) customers from selected supermarkets in Yangon. This study applies Path Analysis in order to identify the direct and indirect effects of operational characteristics between competitive strategies and firm performance. The study found that cost leadership strategy is practiced by ten supermarkets; differentiation strategy by three supermarkets and focus strategy by two supermarkets. The cost leadership strategy has significant negative effect but the differentiation and focus strategies have significant positive effect on supermarket's performance measuring in terms of firms' growth, employees' satisfaction and customers' satisfaction. Generally, operational characteristics have the mediating effects on firm performance when supermarkets practices differentiation focus strategies but is no mediating effect when practicing cost leadership strategy. Thus, it can be concluded that differentiation and focus strategies are currently appropriate as competitive strategies for improving the performance of supermarkets in Myanmar.

Keywords: Cost leadership strategy, Differentiation Strategy, Focus strategy, Supermarkets, Firm's growth, Employee satisfaction, and customer satisfaction.

Introduction

Nowadays, supermarkets play an important role in serving the local community. Supermarkets are the places where the majority of people shop for food items and groceries. People prefer to buy goods from supermarkets and purchase a variety of goods such as meat, fruit, vegetables, fresh and dried seafood, kitchen ware. In Myanmar, with the development of the economic conditions and improving social status, people have become more habitual in shopping at high-end department stores that are sophisticated and match with their changing lifestyle. Moreover, modern stores are emerging in different parts of the cities and largest towns. In Yangon, the trading environment has changed dramatically in recent years. Whether in towns, cities or rural areas, there has been a significant economic and social change that has altered the ability, perception, and behavior of consumers concerning shopping and retailing. Furthermore, many supermarket chains are operating in a profitable market but they are on fronted with the problem of high competition, and this creates the necessity for the adoption of appropriate competitive strategies. Therefore, supermarkets' managers need to understand the different effects of competitive strategies which are critical for supermarkets to survive in a continually

* Dr, Lecturer, Department of Business and Economics, National Management Degree College

changing environment. Thus, it is required to adopt an appropriate strategy that would lead to surprise and delight consumers through higher perceived performance than their expectations and thereby boosting the supermarket's profits. The sustainable development and increasing profit of supermarkets depend on their adopted strategies. Under this context, competitive strategies become a priority for supermarket operators to improve firm performance. Choosing the appropriate strategy that fits with internal factors and external business is imperative for improving firm performance.

Rationale of Study

Nowadays, in Myanmar, there are remarkable changes in people's lifestyles. People have become more interested to make their purchase at supermarkets rather than from local traditional markets due to their rising income and the convenience and choice offered by the supermarkets. These changes in shoppers' behavior create unpredictable purchase decisions and intense competition among supermarkets. In such a turbulent environment, competitive strategies become a priority for supermarket operators to sustain business performance by upholding their competitiveness through relevant business strategies. Porter (1980) identified three generic strategies: low cost, differentiation, and focus that a company needs to follow either one in pursuing a competitive advantage in its chosen market scope. The success of a profit-seeking organization is a function of its strategies. Performance is also determined by the organization's quest for excellence and survival in highly competitive markets. Thus, in the context of the highly competitive nature of supermarkets, understanding the impact of competitive strategies on firm performance is not only imperative to operators of supermarkets but also an essential field of study as applicable research for business development in Yangon. Therefore, this study intends to examine the competitive strategies used by supermarkets in Yangon.

Problem Statement

The business environment is turbulent and chaotic and this calls for rapid response strategies to ensure the sustainability of the business in the competitive environment. In Yangon, under the context of an increasing number of supermarkets and changing lifestyles of people, competition among supermarkets becomes inevitable and even more intense. Some supermarkets can expand their operation while others remain stable even decline or fall seem to because of their strategies. The rising commodity prices that are coincident with increasing completion squeeze the profit margins of supermarkets. Moreover, while supermarkets need several labors more than another type of firm, the labor turnover rate is also high. Other challenges facing the supermarkets are to choose a convenient location with enough space for car parking, to create an attractive shopping environment, to provide efficient customer services and to build customer relationships. Under the context of such challenges, supermarket operators have to choose appropriate strategies that affect and enhance their performance.

Objectives of the Study

The main objective of the study is to examine the influence of competitive strategies on the performance of supermarkets in Yangon. To realize this objective, the specific objectives are set up as follows:

- (1) To identify the dominant competitive strategies adopted by supermarkets in Yangon.
- (2) To examine the effects of competitive strategies on the performance of supermarkets.

- (3) To analyze the mediating effects of firms' operational characteristics on the linkage between the competitive strategies and performance of supermarkets.

Research Methodology

This study applies both quantitative and qualitative methods by using both primary and secondary data. In Yangon, there are 15 groups of supermarkets from which 77 outlets of supermarkets operated in 2017. From these, 15 senior managers from 15 groups of supermarkets were interviewed. Besides, 35 respondents who are managers of 35 branches were selected from 73 outlets of 11 groups of supermarkets by using a simple random sampling method. Moreover, in analyzing the firm performance, 4 outlets of the single outlet supermarket were also included and thereby, altogether 39 supermarkets' managers are involved in this study. After selecting 39 supermarkets, to measure employee satisfaction, the sample size is determined as 481 employees among 3734 employees from selected 39 outlets of supermarkets based on the formula of Taro Yamane (1973). For customer satisfaction, the sample size is determined by using Cochran's method (1977), 512 respondents are chosen from customers who come into selected 39 outlets of supermarkets by using a systematic sampling method. Moreover, multiple regression-based path analysis was applied to measure the direct and indirect effect of competitive strategies and firm characteristics on the performance of the supermarkets.

Literature Review

The strategy is the complete plan of an organization to achieve the highest goals or objectives. The competitive strategy involves the position of a business to maximize the value of capabilities that distinguish it from competitors. Porter (1985) asserts there are basic business strategies: cost leadership, differentiation, focus, and a company performs best by choosing one strategy on which to concentrate. Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage. Cost leadership strategy is a strategy that entails striving to be the overall low-cost provider of a product or service that appeals to a broad range of customers. A cost leader basis for competitive advantage is lower overall costs than competitors. Differentiation strategy offers unique attributes that are valued by customers and those customers perceive them to be better than or different from the products of competitors. Porter, (1980) stated that a product can be differentiated in various ways such as unusual features, responsive customer service, perceived prestige and status, different tastes and performance. Focus strategy refers to the firm's concentration on a select few target markets (Porter, 1980). Focus aims at growing the market share through operating in narrow markets or niche markets that are overlooked by the larger competitors. Moreover, as operating characteristics in firm, researchers have identified many retail firm-specific characteristics such as location and property (Guy, 1994), skill and experiences, human resources (Melvin & Harriet, 1992), and merchandise, product lines and square feet of storage space. These researchers asserted that these factors contribute to retail effectiveness and differential firm advantages. Among different factors, the operating characteristics of a firm that can affect the performance of supermarkets are identified as to location, capital, managerial skill and network, and supply chain. Neill & Rose (2004) cited by Uyen (2007) stated that organizational performance should be judged on multiple dimensions: customer-based, efficiency-based, and financial-based. Concerning improved or reduced organizational performance affect customer satisfaction, customer loyalty, customer awareness, labor productivity, sale growth, market share,

and profitability. Similarly, several other researchers interpreted organizational performance based on indicators such as several complaints, return on investment, financial performance, sales growth, productivity, customer satisfaction, and employee satisfaction.

Competitive Strategy practiced by Supermarkets

Firstly, this study investigated on competitive strategy practiced by supermarkets. To identify supermarket strategies, in-depth personnel interviews and questionnaire surveys are conducted with 15 senior managers of each supermarket. The dominant strategies used by each supermarket are identified and shown in Table (1).

Table 1 Competitive Strategy Used by Each Group of Supermarkets

Sr. No.	Supermarkets	Cost Leadership		Differentiation		Focus		Dominant Strategy
		Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
1	Ocean	4.25	0.71	3.31	0.75	2.78	1.39	Cost Leadership
2	Days to Days	4.63	0.74	2.54	0.78	2.78	1.48	Cost Leadership
3	Ga Mone Pwint	4.13	0.83	3.62	0.77	2.56	1.01	Cost Leadership
4	Orange	4.13	0.99	1.92	0.64	1.89	0.78	Cost Leadership
5	Sein Gay Har	4.13	0.99	4.15	0.99	2.89	0.93	Cost Leadership
6	Super One	4.25	0.71	2.15	0.80	1.67	0.71	Cost Leadership
7	Asia Light	4.50	0.93	1.77	0.93	1.33	0.50	Cost Leadership
8	Gandamar Wholesale	4.63	0.52	3.08	1.32	2.56	1.67	Cost Leadership
9	Ruby Mart	3.63	0.52	3.54	0.97	3.00	1.12	Cost Leadership
10	Fuji	4.38	0.92	2.15	0.99	2.00	0.87	Cost Leadership
11	City Mart	3.13	0.99	4.85	0.55	3.78	1.39	Differentiation
12	Capital	2.50	1.69	4.69	0.48	3.78	1.30	Differentiation
13	Star Mart	2.38	0.52	3.46	0.88	2.67	1.00	Differentiation
14	Myanmar Big Shop	3.13	0.83	3.00	1.00	3.56	1.59	Focus
15	Marketplace	1.25	0.46	4.38	0.96	5.00	0.00	Focus

Source: Survey Data (2017)

The table indicates the dominant strategy adopted by the 15 supermarkets. Ten supermarkets have adopted the cost leadership strategy and three supermarkets have adopted the differentiation strategy. However, the focus strategy has adopted by Marketplace and Myanmar Big shop.

Analysis on the Effect of Competitive Strategies on Performance of Supermarkets

To determine whether competitive strategies influence the firms' growth, employee satisfaction, and customer satisfaction, multiple linear regression analysis was used. In Table (2), the results indicate that taking all other independent variables equal, a unit increase in focus

strategy will lead to a 0.083 unit increases in on firms' growth. Cost leadership and differentiation strategies are insignificant; highlighting both strategies do not affect overall firms' growth.

Table 2 Effect of Competitive Strategies on Firms' Growth

Dependent Variable: Firm Growth	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
(Constant)	-0.278*	0.125	-2.218	.032	
Cost Leadership Strategy	0.006	0.019	0.291	.772	2.006
Differentiation Strategy	0.036	0.019	1.909	.063	2.099
Focus Strategy	0.083**	0.022	3.755	.000	2.457
R ²	0.568				
R ² (Adj.)	0.540				
F-test	20.173**				

Source: SPSS Outputs (Appendix G)

Statistical significance indicate** at 1% level* at 5% level

As shown in Table (3), the result reveals that taking all other independent variables constant, a unit increase in cost leadership strategy will lead to a 0.088 unit decreases in employees' satisfaction. Among the three strategies, only cost leadership strategy has a significant negative effect on employees' satisfaction, however, differentiation and focus strategies are insignificant, meaning that they do not affect employees' satisfaction.

Table 3 Effect of Competitive Strategies on Employees' Satisfaction

Dependent Variable: Employees' Satisfaction	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
(Constant)	3.967**	0.265	14.955	.000	
Cost Leadership Strategy	-0.088*	0.037	-2.348	.019	2.296
Differentiation Strategy	0.023	0.039	0.591	.555	1.902
Focus Strategy	0.012	0.042	0.297	.767	2.385
R ²	0.041				
R ² (Adj.)	0.035				
F-test	6.671**				

Source: SPSS Outputs (Appendix G)

Statistical significance indicate** at 1% level* at 5% level

Concerning consumer satisfaction, the results show that all strategies have a significant positive effect on customer satisfaction in Table (4). By holding all other independent variables equal, a unit increase in cost leadership strategy, differentiation strategy, and focus strategy will lead to a 0.109 unit, 0.303 units, and 0.17 unit increases in customers' satisfaction, respectively.

Table 4 Effect of Competitive Strategies on Customers' Satisfaction

Dependent Variable: Customers' Satisfaction	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
(Constant)	1.675**	0.225	7.454	.000	
Cost Leadership Strategy	0.109**	0.035	3.122	.002	2.496
Differentiation Strategy	0.303**	0.030	10.086	.000	2.242
Focus Strategy	0.170**	0.036	4.701	.000	2.606
R ²	0.396				
R ² (Adj.)	0.392				
F-test	104.488**				

Source: SPSS Outputs (Appendix G)

Statistical significance indicate** at 1% level* at 5% level

Therefore, based on the results, cost leadership strategy has a significantly negative effect on supermarket performance while differentiation strategy and focus strategy have a significantly positive effect on the performance in terms of firms' growth, employees' satisfaction and customers' satisfaction.

Mediating Effects of Operational Characteristics on the relationship between the Strategies and Firm's Performance

To determine whether the mediating effect of operational characteristics on firms' growth, path analysis is conducted with simple linear regression analysis. The regression results on the effects of competitive strategy on firms' growth are shown in Table (5). In this Table, if supermarkets practice a cost leadership strategy, firms' growth will lead to a decrease and they need to focus on the issues including capital requirement, managerial skill, and experience, networking and supply chain management as critical factors. Moreover, if supermarkets used differentiation strategy, firms' growth will lead to an increase and the operation characteristics can also affect firm growth to improve. Furthermore, a focus strategy can be a strategic choice of supermarkets to enhance firms' growth and to improve the capacity of firms' operation characteristics. Thus, sufficient capital, managerial skill & experience, and networking & supply chain management are the main determinants of accelerating the firms' growth.

Moreover, Table (6) shows the direct, indirect, and total effects of the competitive strategy on firms' growth. In this Table, the total effects of cost leadership strategy on firms' growth through operational characteristics is less than the direct effect of cost leadership strategy on firms' growth. If the firm practiced a cost leadership strategy, location does not have a mediated effect on firms' growth. The total effects of differentiation and focus strategies on firms' growth through operational characteristics are greater than the direct effect of differentiation and focus strategies on firms' growth. Therefore, if the firm practiced differentiation and focus strategies, capital, managerial skill, and experience, network, and supply chain have mediated effect on firms' growth

Table 5 Path Coefficients of Firms' Growth of Each Competitive Strategy

	Cost leadership		Differentiation		Focus	
	Coefficient	t-value	Coefficient	t-value	Coefficient	t-value
Cost leadership on Firms' Growth	-0.513**	-4.145				
Cost leadership on Location	-0.111	-0.777				
Cost leadership on Capital	-0.398**	-3.005				
Cost leadership on Managerial Skill and Experience	-0.422**	-3.221				
Cost leadership on Network and Supply Chain	-0.458**	-3.571				
Differentiation on Firms' Growth			0.642**	5.808		
Differentiation on Location			0.330*	2.420		
Differentiation on Capital			0.680**	6.421		
Differentiation on Managerial Skill and Experience			0.389**	2.927		
Differentiation on Network and Supply Chain			0.647**	5.871		
Focus on Firms' Growth					0.730**	7.410
Focus on Location					0.148	1.039
Focus on Capital					0.475**	3.735
Focus on Managerial Skill and Experience					0.420**	3.208
Focus on Network and Supply Chain					0.499**	3.986
Location on Firms' Growth	0.275	1.984	0.275	1.984	0.275	1.984
Capital on Firms' Growth	0.636**	5.712	0.636**	5.712	0.636**	5.712
Managerial Skill and Experience on Firms' Growth	0.373**	2.787	0.373**	2.787	0.373**	2.787
Network and Supply Chain on Firms' Growth	0.632**	5.655	0.632**	5.655	0.632**	5.655

Source: Survey Data (2017), Notes: ** and *are statically significant at 1% and 5% levels respectively

Table 6 Mediating Effects of Operational Characteristics on Firms' Growth of Each Competitive Strategy

Competitive Strategies	Location			Capital		Managerial Skill and Experience		Network and Supply Chain	
	Direct	Indirect	Total	Indirect	Total	Indirect	Total	Indirect	Total
Cost leadership	-0.513	-0.030	-0.544	-0.253	-0.766	-0.157	-0.670	-0.289	-0.802
Differentiation	0.642	0.091	0.733	0.432	1.074	0.145	0.787	0.409	1.051
Focus	0.730	0.040	0.771	0.302	1.032	0.157	0.887	0.315	1.045

Source: Survey Data (2017)

Furthermore, the results of the path analysis for testing all variables are presented in Figure (1), (2), and (3). As shown in Figure (1), cost leadership strategy has a negative direct effect on firms' growth. As an indirect effect, the coefficient of cost leadership strategy is negatively significant with capital, managerial skill, and experience, network, and supply chain variable and then coefficients of location, capital, managerial skill and experience, network and supply chain variable are positively significant with firms' growth. Thus, there is a partial mediating effect of operational characteristics except location between cost leadership strategy and firms' growth.

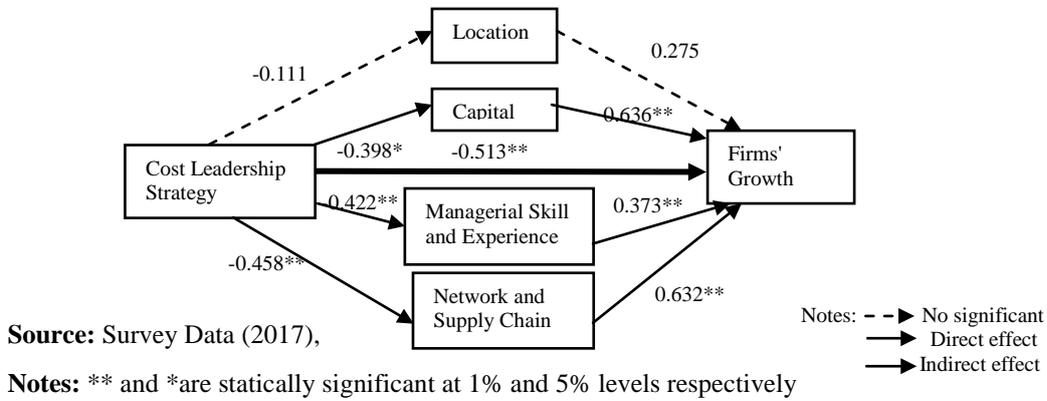


Figure 1 Path Analysis for Firms' Growth of Supermarkets which Practiced Cost Leadership Strategy

The results of the path analysis for the growth of supermarkets which practiced differentiation strategy is also presented in Figure (2). Differentiation strategy has a positive direct effect on firms' growth. As an indirect effect, differentiation strategy has a positive significant effect on all operational characteristics, and in turn, the coefficients of these operational characteristics except location have also a positive significant effect on firms' growth. Thus, there is a partial mediating effect of a firm's operational characteristic except for location between differentiation strategy and firms' growth while the location has no mediating effect on this linkage.

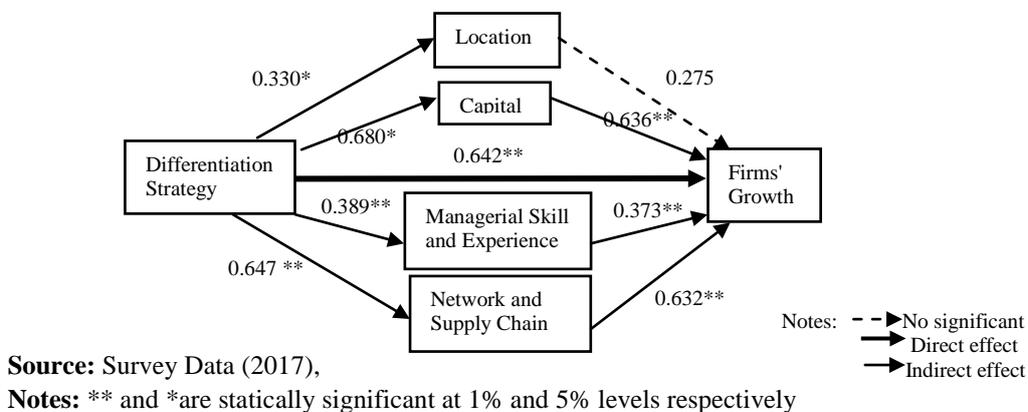
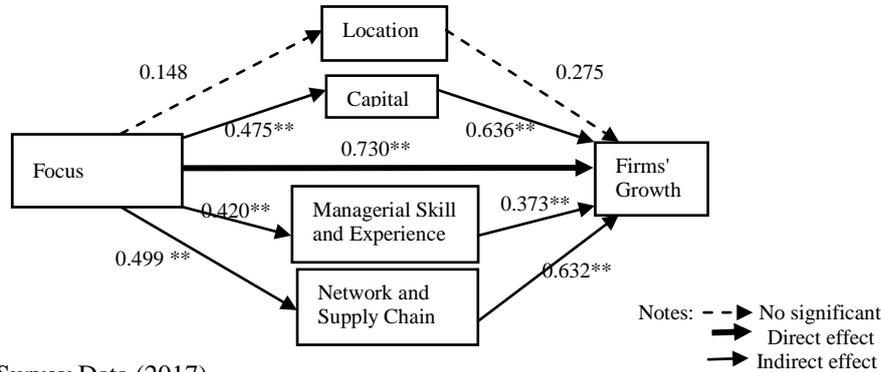


Figure 2 Path Analysis for Firms' Growth of Supermarkets which Practiced Differentiation Strategy

In Figure (3), the result of the path analysis on the growth of supermarkets that practiced focus strategy is presented. The results show that all operational characteristics except for location have a mediating effect on the firm’s growth of supermarkets which practiced focus strategy. However, the location variable has no mediating effect on the linkage between focus strategy and firms' growth.



Source: Survey Data (2017),

Notes: ** and * are statically significant at 1% and 5% levels respectively

Figure 3 Path Analysis for Firms' Growth of Supermarkets which Practiced Focus Strategy

To determine whether the mediating effect of operational characteristics on employees' satisfaction, path analysis is conducted and the regression results on the effects of competitive strategy on employee satisfaction are shown in Table (7). The results show that if supermarkets used cost leadership strategy, employee's satisfaction at supermarkets lead to a decrease and they need to focus on the issues including location choice, capital requirement, managerial skill and experience, networking and supply chain management for the improvement of the firm’s performance. Moreover, if supermarkets used differentiation strategy, employee's satisfaction at supermarkets leads to an increase and they need to consider capital, managerial skill, and network & supply chain as critical for employee satisfaction. Furthermore, focus strategy can be a strategic choice of supermarkets to enhance capital availability, to improve the managerial skill and experience, and to strengthen the network and supply chain. Thus, the results highlight that having sufficient capital, high skill and experience of managers and strengthening network and supply chain management will lead to employees' satisfaction.

Table (8) shows the direct, indirect, and total effects of the competitive strategy on employee satisfaction. In this Table, indirect effect through operational characteristics is calculated by multiplying contributing path coefficients. The total effects of the cost leadership strategy on employee satisfaction through operational characteristics are less than the direct effect of cost leadership strategy on employee satisfaction. If the firms applied a cost leadership strategy, studied operation characteristics cannot have a mediating effect on employee satisfaction. The total effect of the differentiation strategy on employee satisfaction through operational characteristics is larger than the direct effect of differentiation strategy on employee's satisfaction except for location, for which total effect is less than the direct effect. The total effect of focus strategy on employee satisfaction through operational characteristics is greater than the direct effect of focus strategy on employee satisfaction. If firms used focus strategy, location, capital, managerial skill and experience, network and supply chain will have a mediating effect on employee satisfaction.

Table 7 Path Coefficients Employee's Satisfaction of Each Competitive Strategy

	Cost leadership		Differentiation		Focus		R ²
	Coefficient	t-value	Coefficient	t-value	Coefficient	t-value	
Cost leadership on Employee's Satisfaction	-0.198**	-4.407					0.039
Cost leadership on Location	0.136**	2.992					0.019
Cost leadership on Capital	-0.191**	-4.228					0.036
Cost leadership on Managerial Skill and Experience	-0.220**	-4.903					0.048
Cost leadership on Network and Supply Chain	-0.304**	-6.956					0.093
Differentiation on Employee's Satisfaction			0.151**	3.327			0.023
Differentiation on Location			0.088	1.931			0.008
Differentiation on Capital			0.490**	12.245			0.240
Differentiation on Managerial Skill and Experience			0.255**	5.736			0.065
Differentiation on Network and Supply Chain			0.571**	15.141			0.326
Focus on Employee's Satisfaction					0.160**	3.527	0.026
Focus on Location					-0.021	-4.54	0.000
Focus on Capital					0.381**	8.982	0.145
Focus on Managerial Skill and Experience					0.339**	7.846	0.115
Focus on Network and Supply Chain					0.496**	12.423	0.246
Location on Employee's Satisfaction	-0.021	-0.449	-0.021	-0.449	-0.021	-0.449	0.000
Capital on Employee's Satisfaction	0.177**	3.910	0.177**	3.910	0.177**	3.910	0.031
Managerial Skill and Experience on Employee's Satisfaction	0.175**	3.873	0.175**	3.873	0.175**	3.873	0.031
Network and Supply Chain on Employee's Satisfaction	0.215**	4.791	0.215**	4.791	0.215**	4.791	0.046

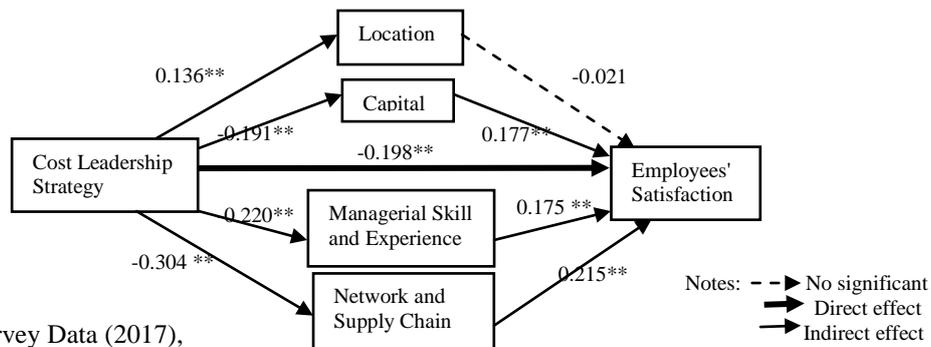
Source: Survey Data (2017), Notes: ** and * are statically significant at 1% and 5% levels respectively

Table 8 Mediating Effects of Operational Characteristics on Employees' Satisfaction of Each Competitive Strategy

Competitive Strategies	Location			Capital		Managerial Skill and Experience		Network and Supply Chain	
	Direct	Indirect	Total	Indirect	Total	Indirect	Total	Indirect	Total
Cost leadership	-0.198	-0.002	-0.200	-0.033	-0.231	-0.038	-0.236	-0.065	-0.263
Differentiation	0.151	-0.002	0.149	0.087	0.238	0.045	0.196	0.123	0.274
Focus	0.160	0.001	0.161	0.067	0.227	0.059	0.219	0.107	0.267

Source: Survey Data (2017)

The results of the path analysis for testing all variables are presented in Figure (4), (5), and (6). As shown in Figure (4), it is clear that, except firm's location, all firms' operational characteristics have a partially mediating effect on the relationship between cost leadership strategy and employee satisfaction while the location of the firm does not have mediated effect on employee's satisfaction.

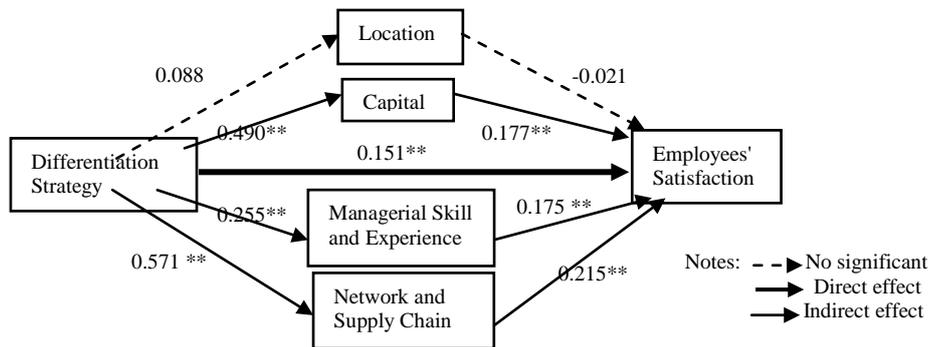


Source: Survey Data (2017),

Notes: ** and *are statically significant at 1% and 5% levels respectively

Figure 4 Path Analysis for Employees' Satisfaction of Supermarkets which Practiced Cost Leadership Strategy

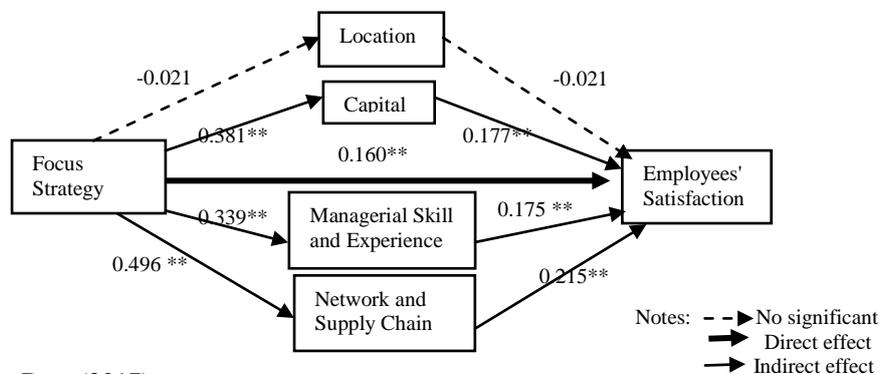
In Figure (5), the results show that, except for location, all firms' operational characteristics have a partially mediating effect on the relationship between differentiation strategy and employee satisfaction while location does not have a mediated effect on employee satisfaction.



Source: Survey Data (2017), Notes: ** and *are statically significant at 1% and 5% levels respectively

Figure 5 Path Analysis for Employees' Satisfaction of Supermarkets which Practiced Differentiation Strategy

In Figure (6), all firms' operational characteristics, except for location have a partially mediating effect on the relationship between focus strategy and employee satisfaction while the location of the firm does not have a mediated effect on employee satisfaction.



Source: Survey Data (2017),

Notes: ** and *are statically significant at 1% and 5% levels respectively

Figure 6 Path Analysis for Employees' Satisfaction of Supermarkets which Practiced Focus Strategy

To determine the mediating effect of operational characteristics on customers' satisfaction, path analysis is conducted with simple linear regression analysis. The regression results on the effects of competitive strategy on customer satisfaction are shown in Table (9). Thus, the results prove that if supermarkets used a cost leadership strategy, customer's satisfaction on supermarkets will lead to a decrease and they need to focus on capital, managerial skill, and experience, network and supply chain as the important factors to increase customer's satisfaction. Moreover, if supermarkets practice the differentiation strategy, customer satisfaction on supermarkets will lead to an increase and the operational characteristics can be expected to improve. Furthermore, a focus strategy can be a strategic choice of supermarkets to improve customer satisfaction and the capacity of firms' operational characteristics.

Table 9 Path Coefficients Customers' Satisfaction of Each Competitive Strategy

	Cost leadership		Differentiation		Focus		R ²
	Coefficient	t-value	Coefficient	t-value	Coefficient	t-value	
Cost leadership on Firms' Growth	-0.513**	-4.145					0.264
Cost leadership on Location	-0.111	-0.777					0.012
Cost leadership on Capital	-0.398**	-3.005					0.158
Cost leadership on Managerial Skill and Experience	-0.422**	-3.221					0.178
Cost leadership on Network and Supply Chain	-0.458**	-3.571					0.210
Differentiation on Firms' Growth			0.642**	5.808			0.413
Differentiation on Location			0.330*	2.420			0.109
Differentiation on Capital			0.680**	6.421			0.462
Differentiation on Managerial Skill and Experience			0.389**	2.927			0.151
Differentiation on Network and Supply Chain			0.647**	5.871			0.418
Focus on Firms' Growth					0.730**	7.410	0.534
Focus on Location					0.148	1.039	0.022
Focus on Capital					0.475**	3.735	0.225
Focus on Managerial Skill and Experience					0.420**	3.208	0.177
Focus on Network and Supply Chain					0.499**	3.986	0.249
Location on Firms' Growth	0.275	1.984	0.275	1.984	0.275	1.984	0.076
Capital on Firms' Growth	0.636**	5.712	0.636**	5.712	0.636**	5.712	0.405
Managerial Skill and Experience on Firms' Growth	0.373**	2.787	0.373**	2.787	0.373**	2.787	0.139
Network and Supply Chain on Firms' Growth	0.632**	5.655	0.632**	5.655	0.632**	5.655	0.400

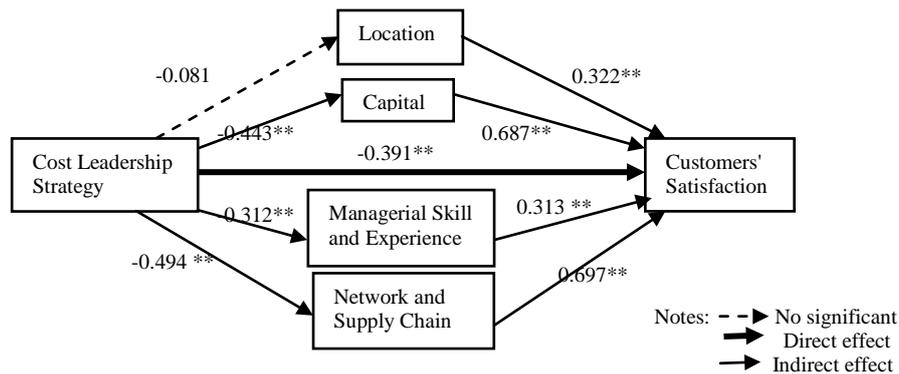
Source: Survey Data (2017), Notes: ** and *are statically significant at 1% and 5% levels respectively

Table 10 Mediating Effects of Operational Characteristics on Customer's Satisfaction of Each Competitive Strategy

Competitive Strategies	Location			Capital		Managerial Skill and Experience		Network and Supply Chain	
	Direct	Indirect	Total	Indirect	Total	Indirect	Total	Indirect	Total
Cost leadership	-0.391	-0.026	-0.417	-0.304	-0.695	-0.098	-0.489	-0.344	-0.735
Differentiation	0.606	0.090	0.696	0.510	1.116	0.114	0.720	0.530	1.136
Focus	0.517	0.042	0.559	0.385	0.902	0.123	0.640	0.424	0.941

Source: Survey Data (2017)

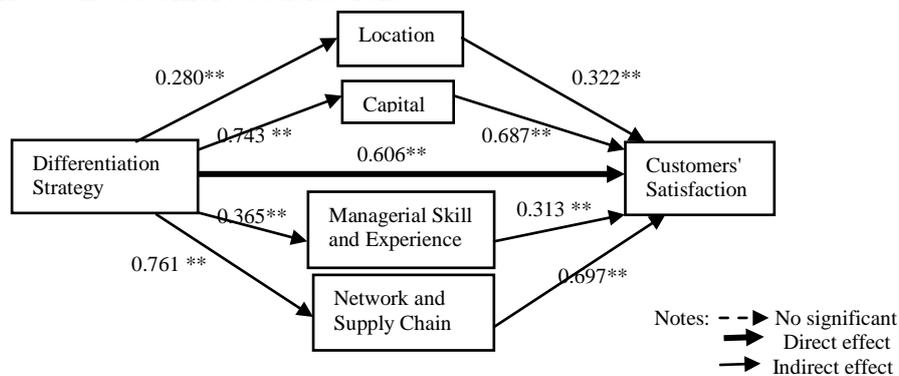
In Table (10), the results show that if the firms applied a cost leadership strategy, studied operational characteristics cannot have a mediating effect on customer satisfaction. However, if firms practiced differentiation and focus strategies, location, capital, managerial skill and experience, and network and supply chain have a partially mediating effect on customer satisfaction.



Source: Survey Data (2017), Notes: ** and *are statically significant at 1% and 5% levels respectively

Figure 7 Path Analysis for Customers' Satisfaction of Supermarkets which Practiced Cost Leadership Strategy

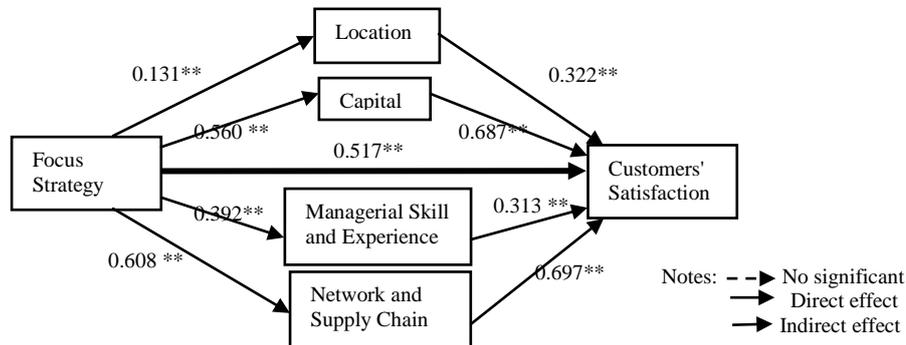
The results of the path analysis in testing all variables are presented in Figure (7), (8), and (9). As shown in Figure (7), the results show that except firm's location, all firms' operational characteristics have a partially mediating effect on the relationship between cost leadership strategy and customer satisfaction while the location of the firm does not have mediated effect on customer's satisfaction.



Source: Survey Data (2017), Notes: ** and *are statically significant at 1% and 5% levels respectively

Figure 8 Path Analysis for Customers' Satisfaction of Supermarkets which Practiced Differentiation Strategy

Figure (8) show the results that a differentiation strategy has a positively direct effect on customer satisfaction. As indirect effects, the coefficient of differentiation strategy has a positive significant effect with operational characteristics while the coefficients of operational characteristics show a significantly positive effect on customer satisfaction. Thus, all firms' operational characteristics have a partially mediating effect on the relationship between differentiation strategy and customer's satisfaction.



Source: Survey Data (2017), Notes: ** and * are statically significant at 1% and 5% levels respectively

Figure 9 Path Analysis for Customers' Satisfaction of Supermarkets which Practiced Focus Strategy

As shown in Figure (9), focus strategy is a positive direct effect on customer satisfaction. As an indirect effect, the coefficient of focus strategy has a positively direct effect on firms' operational characteristics whereas coefficients of firms' operational characteristics are positively significant with customers' satisfaction. Thus, it is clear that all of the firms' operational characteristics have a partially mediating effect on the relationship between focus strategy and customer's satisfaction.

As a mediating effect, among firms' operational characteristics, the location has not mediated effect on the relationship between cost leadership strategy and the firm's growth, employees' satisfaction, and customers' satisfaction. However, the location has a mediating effect on both relationships between differentiation strategy and customers' satisfaction as well as focus strategy and customers' satisfaction. Remaining operational characteristics (capital, managerial skills, and experiences, and network and supply chain) have a partially mediating effect on the relationship between all competitive strategies and supermarkets' performance.

Findings and Recommendation

Based on the finding of this study, of the fifteen supermarkets studied, ten practiced cost leadership strategies, three adopted differentiation strategy, and the remaining two used focus strategy. Cost leadership strategy is practiced by Ocean, Sein Gay Har, Gandamar Wholesale, Ruby Mart, Super One, Orange, Asia light, Fuji, Days to Days and Ga Mone Pwint. Differentiation strategy is practiced by City Mart, Capital and Star Mart while the focus strategy practiced by Marketplace and Myanmar Bid Shop.

A second objective, differentiation strategy, and focus strategy have a large impact on improving the performance of the supermarkets in terms of a firm's growth, employee satisfaction, and customers' satisfaction. Cost leadership strategy hurts the performance of the supermarkets in all dimensions. A third objective, capital, skills, and experience of management and network and supply chain of supermarkets have mediating effects on all dimensions of the

performance of supermarkets which practice differentiation strategy and focus strategy. The location of the supermarkets has a mediating effect on only the firm's growth and customer satisfaction of supermarkets which practice differentiation strategy and focus strategy.

Based on the results of this analysis, it is safe to suggest that practicing differentiation strategy and focus strategy can enhance the performance of the firm, under the context of the market situation in Myanmar. Besides, having sources of investment, possessing skill and experience of management, and establishing networks and supply chain management are essential factors improving the performance of the supermarkets. Although the cost leadership strategy cannot improve the firm performance of supermarkets in the current situation in Myanmar, it can be an appropriate strategic choice for large retail enterprises in the long-term since changing the lifestyle of Myanmar people and improving the economic environment of the country are factors creating an opportunity to practicing cost leadership strategy. Therefore, it can take place as an effective strategy for supermarkets in the later years.

In conclusion, supermarkets should monitor the changing market trends in Myanmar to adopt the competitive strategies by altering customer's tastes and preferences, attitude and behavioral patterns and by doing so; it can expect to enhance the performance of the supermarket industry in Yangon.

Limitation and Needs for Future Research

This study analyzes the effect of competitive strategy on supermarket's performance. This study only focuses on supermarkets and does not include convenience stores, departmental stores, mini markets, and shopping malls/centers. Moreover, this study mainly emphasizes competitive strategies and performance of supermarkets in the Yangon area and excludes another area in Myanmar. More in-depth research using other typologies (Miles and Snow, Bowman's Strategic Clock) should be carried out to give a better insight for setting up strategies to realize sustainable competitive advantages. Further, the analysis could be applied in other industries such as manufacturing, construction, financial services for planning and formulates strategies for improving the performance of the firms in their respective industries.

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