



UNITED STATES INTERNATIONAL UNIVERSITY

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TEACHING NOTE

CHANIA FEEDS: YOU CAN'T CHEAT CHICKEN

Teaching Note

The case is based on Chania Feed co Ltd. a feed manufacturing Co. Rose Mary Kirika the CEO was struggling with the formulation of strategies that could make the enterprise succeed in a highly competitive environment and with problems of scarcity of raw materials. Rose Mary had the option of using pricing strategy, promotion strategy, distribution strategy and product quality strategy but was not sure of the best strategy.

Business survival is critical for small scale enterprises. It is known that less than 10% of small scale enterprises graduate to the next level and a majority fail within three years of their establishment.

This case focuses on the four strategies that Rosemary could use to gain competitive advantage and also survive in a competitive environment.

Discussion questions

1. Describe the importance of price to Chania Feeds.
Lowering her prices could attract more customers as the price of feeds was rising beyond the expectations of the farmers. However Rosemary should be cautious because Chania Feeds is a small company compared to its competitors and lowering prices beyond certain levels could trigger competitors to their prices also thus leading to cut throat competition
2. How can promotion enable chania Feeds to gain competitive advantage?
Promotion will make Chania Feeds to be known in the market. It would make the farmers aware of the feeds produced. This would lead to more customers and also increased sales. It would influence the demand of the chania Feeds brand and this would give the enterprise competitive advantage.

Gidraph Nduati, Assistant Professor of Management prepared this case with the assistance of Professor Barbara Jamieson of Edinburgh Business School, Heriot Watt University U.K as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. United States International University (USIU) acknowledges the support of Global Business School Network (GBSN and financial support from Bill & Melinda Gates Foundation) in the preparation of this case study.

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3. Describe the challenges of using distribution strategy.
 - Poor road network
 - Lack of distribution outlets
 - Need for vehicles for prompt delivery and the costs that come with the maintenance of the vehicles.
 - Capital involved in setting up the (outlets, distribution channels)
 - Human resource
 - Logistics (fleet of vehicles of transport) and subsequent coordination of this transport system.
 - Security: increased sales turnover can increase robbery.
4. Chania Feeds manufactured animal feeds how could it differentiate it from the animal feeds manufactured by the competitors?
 - Stock the products near the customers
 - Make use of m-pesa and equity agents for security purposes
 - Use of sign boards that contain the name of the business
 - Producing quality feeds
 - Establishing good customer relations
5. Rosemary had to choose a strategy to gain competitive advantage identify and justify two strategies which in your opinion would give Chania Feeds competitive advantage.
 - a) Distribution strategy: delivery of the feeds to the farmers or places near them increases off-take and also creates confidence in the brand as the customers are guaranteed of availability and timely delivery. It also creates efficiency.
 - b) Quality: maintaining the quality of her products and availability to build a strong brand. Developing quality assurance standards would enable her to achieve this in the long-term.