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AN ASSESSMENT OF THE CHALLENGES AFFECTING THE COMPETITIVENESS OF THE TAXI INDUSTRY IN NAIROBI: A CASE STUDY OF UBER EAST AFRICA LIMITED

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ABSTRACT

The taxi firms operating in Nairobi do not only experience stiffer competition but also have to contend with the threat of new entrants, the bargaining power of driver-partners, and more informed and powerful customers who enjoyed numerous choices from competitors and also in the form of substitute modes of transport. The fundamental question that would concern every manager in the industry would be to understand the prominent forces driving competition in the industry because these pressures define the industry structure and profitability. These contending but interlinked forces in effect determined prices, costs and ultimate return on investments of the industry and the firms within it. The aim of this study was to find out how influential these industry forces were in contention within the taxi industry in Nairobi city, taking Uber Technologies as a case study. Understanding the prominence of these forces was key in shaping coping strategies that would enable the firm to steer towards the its goals. The study adopted Porter's five forces framework of industry analysis to carry out the study. The coping strategies or responses were informed by theories of strategy that have evolved over time and include the bargaining power approach, the game theory, resource-based theory and the dynamic capability theory. A case study method was chosen due to its suitability in providing depth in studying the environmental changes and the responses. The researcher used both primary and secondary data sources. Primary data was collected through interviews of managers and support staff. An interview guide was used to ensure reasonable uniformity and to also ensure that salient points in the study were captured. Secondary data was collected from books, journals, newspapers, magazines, websites and other online sources for analysis and evaluation. The prominence of all the five forces was found to be considerable in the industry, even though they acted at varying intensities. Customers were particularly powerful in that they were well informed of market offerings. They also had many choices as well as substitute transport modes that they could use, making the threat of substitutes also prominent in the industry. Most of the competitors were imitating each other, operating on a similar business model and were competing on price, leading to price wars. This increased the intensity of rivalry in the industry. Driver-partners who had organized themselves into associations, were also found to be powerful, frequently agitating for better rates since Uber East Africa Limited and the other operators did not own the taxis. This gave the Driver-partners substantial bargaining power. The company used its strong brand name as a deterrent against the threat of entrants. The study indicated that the main strategic adopted by Uber East Africa Limited was overall cost leadership by leveraging on information technology to gain competitive advantage in the industry.

Keywords: *bargaining power, bargaining power, transport modes and Uber Technologies.*

Background of the study

Organizations operate in an environment rife with unprecedented change and turbulence. Change is the only constant in the business environment, irrespective of the industry or sector. As business environments become increasing complex, leaders and entrepreneurs within organizations have to think strategically on how to tackle challenges and opportunities emanating from their business environment in line with their resources and capabilities (Grant, 2010). Organizations need to have a profound understanding of their competitive environments and respond appropriately and in a timely manner to the environmental dynamics, without which they would find themselves competitively disadvantaged. Among the key drivers of the unprecedented change occurring around the globe are globalization, deregulation, shifting customer tastes and preferences, and technological advancements (Hitt, Ireland and Hoskisson, 2011).

According to Johnson, Scholes and Whittington (2010), an industry is as a group of firms producing the same product or providing the same service. The traditional taxi transport industry is a common feature in most urban centres and cities around the world, primarily used to augment the general public transport systems. The taxi industry in Kenya has undergone rapid change in the recent past, just like many other industries around the world. The introduction of the revolutionary taxi hailing technology service in the Kenyan market has been of most significance.

The competitive environment in the Nairobi taxi industry experienced structural change with the introduction of the smartphone taxi e-hailing technology by the global technology powerhouse Uber Technologies Incorporation in 2015 through its subsidiary Uber East Africa Limited. Although Uber is not the only company that employs taxi e-hailing technology in the industry in Nairobi today, it successfully pioneered the revolutionary taxi e-hailing technology in the Kenyan market. Within the short time of its inception in Kenya, Uber was able to dramatically shake up the market and change the taxi industry's competitive landscape, despite strong, and sometimes violent resistance from some of the incumbent players in the industry. Other technology-driven companies such as Little Cab (owned by East Africa's telephony company Safaricom Limited), Easy Taxi, Taxi Mojo and Taxify have since joined in the competition, intensifying the industry rivalry in the subsector. Traditional taxi companies operating in the market include Jatco Cabs, Kenatco, Delight Cabs, Absolute Cabs and Jim Cabs (Muniu, 2015).

There are significant differences in business models and market approach between the traditional taxis and the contemporary innovative, technology-driven taxi e-hailing competitors that have recently entered the industry. The differences can be viewed in terms of how they get their customers, customer experience and value propositions, and the operational structures adopted, among others. These differences in the business models, technology, infrastructure and general business approaches have been strategically exploited by the new technology firms to create key points of differentiation in their value chains, thereby creating crucial sources of competitive advantage over their traditional rivals as suggested by Porter (1985).

In the old traditional taxi-hailing model, a customer has to physically spot and hail a taxi in the street or call the taxi company for pick up. For taxi pick up call requests, the customer has to precisely describe his or her location to be picked up. Either the driver or the rider has to know the destination of drop off. Unlike the traditional taxis, the new tech-based service providers such as Uber, use what is called online e-hailing technology platform. E-hailing is a revolutionary way of ordering for a car, taxi or other forms of transportation pick up via a computer or a smartphone installed with an innovative e-hailing application software (usually abbreviated as an 'app'), such as the Uber app. It is a revolutionary way of matching demand and supply. The service provider usually has pre-qualified and vetted partners (drivers) registered in its platform. The drivers use smartphones installed with the service provider's app to notify them of the customers who need a ride. The customer also has to use a smartphone installed with the service provider's app. The customer orders for a taxi by tapping on the mobile app. The app uses Global Positioning System (GPS) technology to enable the driver to precisely locate the customer. It also provides other customer details such as name, phone number and intended destination. The app will then help locate the driver who may be nearest and able to pick the customer and notifies the customer of how long it would take before the taxi arrives or expected waiting time, the fare estimate, the details of the driver, his/her ratings and the car registration number. On drop-off at the destination, the customer is able to see the fare charged on his/her smartphone and can pay using a debit card, credit card, or by cash or other electronic money transfer, such as M-pesa in the Kenyan market. The customer is then automatically emailed a receipt and given an opportunity to rate the driver according to customer experience during the ride. Likewise, the driver is also able to rate the customer.

Statement of the problem

Transportation is a key driver of the economic activities of a nation as it enables movement of people, goods and other resources. The taxi transport industry in Nairobi plays an important role as part of the overall transport system by offering convenient transport to customers to their intended destinations. However, in the recent past, the taxi industry has experienced critical challenges that have altered the industry's structures and competitive environment. The introduction of innovative smartphone technology into the industry's value chain has critically altered the competitive landscape in the industry in Nairobi. Due to this, new customer value propositions have been unveiled; new resources and capabilities have emerged. New challenges and opportunities have cropped up within the industry that deserve exploring. Notable problems facing the industry include frequent industrial strikes by driver-partners, intense price wars and undercutting among the taxi firms, an influx of service providers, among others. There is therefore a need for assess the challenges affecting the competitiveness of the taxi industry in Nairobi, taking Uber East Africa Limited as a case study.

LITERATURE REVIEW

In an ideal situation, it would be possible for managers to formulate long term strategies, systematically execute them to create competitive advantage against the competitors. In reality, however, this ideal condition is rarely available for managers. The business environment is more often in constant move, with customers shifting allegiance due to changes in tastes and preferences, new technologies sprouting overnight, macroeconomic factors evolving and industry competitors countermanding strategies of the enterprise (David, 2011). It is on this backdrop that various empirical studies have been conducted on the factors that influence the competition in an industry environment such as the taxi industry under study.

Kumar, Subramanian and Strandholm (2002) carried out a study on the linkages between perceived environmental changes and the corresponding strategic adaptations and responses by the healthcare industry. Their research findings on 187 hospitals sampled showed that efficiency-based strategies were preferred often by organizations that perceive their environments to relatively stable while market-oriented strategies were preferred by health organizations in less stable environments.

Another study was conducted by Shehada (2010) on Palestinian non-governmental organizations (NGOs) with the objective of finding out the strategic behaviours of the organizations in response to pressures emanating from their environment. Shehada's study explored how the environment affected the NGOs and the kind of constraints that these NGOs faced and how they responded to the environmental challenges. She carried out her study through case study using qualitative analysis method. Her findings revealed that the NGOs had an array of response strategies, ranging from passivity to positivity despite the political instability in their environment and dependence on financial resources from external donors.

A study of Kenya public universities done by Mathooko and Ogutu (2013) found out that the public institutions faced managerial and environmental challenges. Their study also found out that the success of the strategic responses adopted by the public institutions depended on three key factors that determined strategic competitive advantage, namely institution's branding and image, the physical aspects of higher education including location and facilities, and the mode of service delivery. The study was conducted using primary and secondary data. The coping strategies adopted by the educational institutions in response to the environmental changes were Porter's generic competitive strategies.

From the foregoing, it is evident that there are a number of strategic responses open to organizations as they experience changes in their environments depending on the nature of the variables and circumstances of the organization and also the industry, among the determining factors. David (2011) advices that organizations should be more proactive r to their environments, and that they should strive to influence, anticipate, and initiate rather than just being reactive to these environmental variables.

Even though numerous studies have been carried out regarding various strategic responses by enterprises to external environmental variables in a number of industries, these studies haven't addressed the taxi industry in the Kenyan context. This study is therefore aimed at filling the research gap that exists in the Kenyan context where there had been a lot of change in the taxi industry.

METHODOLOGY

The study was conducted through case study method. According to Kothari (2004), a case study method is "a popular form of qualitative analysis that involves careful observation of a social unit, be that a person, an institution, a family, a cultural group or even an entire community". A case study method was chosen by the researcher because it provides depth in studying some phenomena and emphasizes on full analysis of a limited number of events or conditions and their interrelations. A case study of Uber East Africa was adopted through the use of personal interview of respondents who constituted workers at the company. According to Cooper and Schindler (2014), a population is the total collection of elements about which we wish to make some inferences. The research targeted top and middle level management executives of Uber East Africa Limited who were concerned with strategy making and execution in Nairobi. A total of 32 respondents consisting of senior level managers, middle level managers and operational staff were targeted for the interview forming the total population of the study.

An interview guide was used as the data collection instrument for conducting the personal interviews. The interview guide was important in ensuring reasonable uniformity and to guarantee that salient points in the study were not missed out during the interviews as recommended by Kothari (2004).

Since this was a case study, the data collected were qualitative in nature. Kothari (2004) advises that after the collection of data, it has to be processed and analysed in accordance with the outline laid down for the purpose at the time of developing the research plan. The data collected was evaluated for completeness, comprehensibility, consistency and reliability. The data collected was also processed and analysed through steps such as coding the interview responses. Content analysis was also done in a manner that addressed the research questions. According to Cooper and Schindler (2014), content analysis is an analytical process that provides the researcher with a qualitative picture of the respondents' attitudes, concerns, ideas and feelings on an issue. It consists of reading and re-reading of interview responses to find similarities and differences so as to find themes and to develop categories that can be used to draw meaningful conclusions and recommendations.

RESULTS AND DISCUSSION

Response rate:

Below is a table showing the response rate by staff category of the target population for the interviews that involved senior management, middle management and operational staff.

Table 4.2.1: Response rate

Category	**Target population**	**Interviewed (Response)**	**Not interviewed (Non-response)**	**Response rate (%)**
Senior management	5	3	2	60
Middle management	8	6	2	75
Operational staff	19	15	4	79
Total	**32**	**24**	**8**	**75**

Source: Author (2017)

As depicted on Table 4.2.1 above, 24 were interviewed respondents were interviewed out of the overall 32 respondents targeted, representing a response rate of 75%. Of these, 60% were senior management, 75% middle management and 79% operational staff. The balance 25% of the target population were unavailable for interview due to a wide range of reasons such as travel and leave of absence.

Level of education

The respondents' level of education was important to the research as it related to the respondents' capacity to satisfactorily comprehend and respond to issues raised during the research. Below is a table showing the respondents' level of education categorized by staff hierarchy that took part in the interview.

Table 4.2.2: Respondents' level of education

Respondents	Education level		
	University	College	Total
Senior management	3		3
Middle management	6		6
Operational staff	10	5	15
Total	**19**	**5**	**24**
Percentage (%)	**79**	**21**	**100**

Source: Author (2017)

Table 4.2.2 shows that 79% of the interviewees possessed university level of education, while 21% had college education, depicting that the respondents had the capacity to satisfactorily understand and respond to issues raised during the interview.

Entrants

The influence of potential threat of entrants into an industry is a key consideration in analysing competition. This is because new entrants usually bring with them new capacity, new resources, new skills and capabilities and a desire to capture market share from the existing players.

Below is a frequency table showing the respondents' responses regarding their views on the influence of potential threat of new entrants on the competition within the industry.

Table 4.2.3: The potential threat of new entrants

Category	**Frequency**	**%**
Strongly agree	12	50
Agree	6	25
Neutral	5	21
Disagree	1	4
Strongly disagree	-	-
Total	**24**	**100**

Source: Author (2017)

Table 4.2.3 above illustrates that in the opinions of the respondents', the influence of potential threat of new entrants was a significant factor in the taxi industry, with 50% strongly agreeing and 25% agreeing. Only 4% disagreed while 21% were neutral. Factors cited as contributing to the high threat of potential entrants included the use of technology to circumvent the entry barriers. For instance, the possession of generally similar e-hailing app technology and the requisite infrastructure made it easy for new entrants to gain entry into the market. New entrants only needed to register their companies with the relevant authorities, lay down the e-hailing infrastructure, and communicate their service offerings through advertising and promotions to start on-boarding customers. Another factor that the respondents mentioned as lowering the entry barrier was the new business model adopted by the new taxi hailing firms whereby the firms operated using driver-partner vehicles. This implied that any entrant was able to engage with the existing pool of driver-partners on entry into the market. They would not need to acquire or lease fleets of taxi cars for their operations in order to enter and compete in the taxi industry. This significantly reduced the initial capital outlay barrier that they would have faced. On another hand, this factor also meant that there were weak exit barriers for these companies, hence would be encouraged to venture into the industry. The respondents pointed out that the government had no restrictive policies on entry that could discourage potential entrants.

Customers (or riders)

Customer power is a key determinant of industry structure and influences how industry firms behave. Customer power varies from industry to industry. Powerful customers can play competing firms against each other or force down prices down or bargain for higher quality goods and services thus raising costs and lowering profits. Below is a frequency table showing the opinions by the respondents regarding their views on the influence of the bargaining power of customers or riders in the taxi industry.

Table 4.2.4: The bargaining power of customers

Category	Frequency	percentage
Strongly agree	16	67
Agree	8	33
Neutral		
Disagree		
Strongly disagree		
	24	**100**

Source: Author (2017)

From the table, the bargaining power of customers was deemed as a significant influence in the industry, with 67% and strongly agreeing and 33% agreeing. The respondents attributed a number of reasons contributing this. First, customers or riders had no switching costs to bear. Switching from one taxi provider to another simply involved a quick download of the app of the taxi company that the customer intended to use, what is popularly referred to as multi-homing. Secondly, the highly informed riders had many alternative companies to choose from that used similar technology. Thirdly, customers had easy and quick access to information on fare estimates before using the services of a taxi company. Customers could easily compare fare estimates from a number of companies before making a choice on which company to use. Moreover, taxi service industry was a relatively standardized one and undifferentiated, especially because taxi customers were generally price sensitive.

Driver-partners

In most industries, supply side can exert power on an industry in several ways, such as raising prices or reducing quality of products or services as already been pointed out. In the taxi industry, the driver-partners constituted the supply side by providing the taxis. The driver-partners' input was therefore critical to the industry. Below is a frequency table showing the respondents' feedback regarding their views on the bargaining power of driver-partners.

Table 4.2.5: The bargaining power of driver-partners

Category	Frequency	percentage
Strongly agree	9	38
Agree	8	33
Neutral	6	25
Disagree	1	4
Strongly disagree	-	-
-	**24**	**100**

Source: Author (2017)

The data on table shows that 38% of the respondents were in strong agreement that the bargaining power of driver-partners was a major force while 33% agreed. Noteworthy contributing factor to the affirmative response to this view was that Uber and the other technology based taxi service companies did not own their vehicles, but rather relied on the driver-partners to deliver their services. This provided the driver-partners with bargaining power and created vulnerability on these companies. The respondents mentioned that the driver-partners had occasionally threatened to withdraw their services or actually done so in the past citing poor returns. The driver partners also lobbied for better rates through associations such as Digital Taxi Association of Kenya. It was possible for a driver-partner to multi-home, that is, register in more than one company so that they could provide taxi services under multiple taxi company platforms. The driver-partners could easily switch from one taxi e-hailing platform to another depending on which company gave them the best returns or met their interests at that particular time. Driver-partners could also switch off all their apps when not interested in offering taxi services. By doing so, they become unavailable in the taxi platforms.

Substitutes

A substitute is a product or service that can be used in replacement of another to satisfy a need. A substitutes therefore shrinks the market of an industry. Substitutes originate from outside the industry and are generally a threat to an industry as they limit the potential returns by creating price ceilings on what can be charged by the industry players. Providers of substitutes can take advantage of substitutability of their products or services to eat up the market of their indirect rivals as dissatisfied customers move to use alternative products or services to satisfy the same needs. The strength of the threat of substitutes varies from industry to industry. Below is a frequency table showing the respondents' views regarding the threat of substitutes to the taxi industry.

Table 4.2.6 Threat of substitutes to the taxi industry

Category	**Frequency**	**percentage**
Strongly agree	8	33
Agree	10	42
Neutral	5	21
Disagree	1	4
Strongly disagree	-	-
	24	**100**

Source: Author (2017)

As seen from the above table, the threat of substitutes is a major factor within the transport industry with 33% strongly agreeing and 42% agreeing. Customers have many substitute modes of transport to choose from such as *matatus* (public transport vans), motor cycles (popularly know as *boda bodas*), trains, buses, personal cars, among other transport alternatives. The respondents agreed customers were very sensitive to the taxi-fare being charged. The respondents also pointed out that in an industry where service differentiation is not easily achieved such as in the taxi industry, price differential becomes a key factor that can trigger the use of substitutes.

Industry competitors

Generally, industry rivalry among existing players leads to jockeying for position among the firms who employ tactical moves such as price competitions and advertising to outperform each other. This is usually the most significant factor that determines industry structure and profitability in many industries. Below is a frequency table showing the respondents' responses regarding their views on the rivalry among competing firms within the industry

Table 4.2.7 Rivalry among competing firms in taxi industry

Category	Frequency	percentage
Strongly agree	10	42
Agree	10	42
Neutral	4	17
Disagree	-	-
Strongly disagree	-	-
	24	**100**

According to the respondents, rivalry within the industry was a major force in the taxi industry, with 42% of respondents strongly agreeing and another 42% agreeing. Rivalry among existing players led to jockeying for position by employing tactical moves such as price wars and intensive advertising in order to gain market-share from rivals. The respondents pointed out that the main factor that contributed to the high intensity of rivalry was that the service was basiccaly undifferentiated, leading most players to compete mainly on taxi-fare pricing differences. Currently, taxi companies that operate in Nairobi using the e-hailing smartphone platform technology and have near similar business models include Little Cab, Easy Taxi, Taxi Mojo, Taxify and Uber. The traditional taxi companies operating in the market include Jatco Cabs, Kenatco Cabs, Delight Cabs, Absolute Cabs and Jim Cabs (Muniu, 2015). Rivalry among the competing firms has led to intense price wars.

Summary:

The study revealed that the threat of new entrants was a major factor in the taxi industry, with 50% strongly agreeing and 25% agreeing. Factors cited as contributing to the high threat of potential entrants included the use of technology to lower entry barriers that existed before. Possession of nearly similar e-hailing app technology made it easy for new entrants to get into the market. Another key factor mentioned by the respondents as contributing to the lowering the entry barrier was the new business model adopted by the new taxi hailing firms whereby the firms operated using partners' vehicles. This significantly reduced the initial capital outlay that they would otherwise have needed to acquire or lease fleets of cars for their operations. The other aspect that made entry easier for new entrants was that customers had no switching costs.

The bargaining power of customers was viewed to be the most significant influence in the industry, with 100% the respondents affirming this position (67% of the respondents strongly agreeing and 33% agreeing). Inexistence of customer switching costs was identified as one of the main aspects of the strong bargaining power of the customers. Switching from one taxi provider to another simply involved the downloading of the taxi company's app to be on board. Customers enjoyed had wide choices, that is, they had several alternative companies to patronize. Secondly, access to information by riders was a key factor contributing to buyer bargaining power. The riders had access to information before using the services. Customers had easy and quick access to information on fare estimates before using the services of a taxi company.

According to the data, 71% of the respondents affirmed that driver-partners wielded strong power in the industry (38% of the respondents were in strong agreement while 33% agreed). Noteworthy contributing factor to the affirmative response to this view was that Uber and the other technology based taxi service companies did not own their vehicles, but rather relied on the driver-partners to who were independent contractors to deliver their services. This provided the driver-partners with bargaining power and created vulnerability on these companies. These independent contractors used this power to regularly agitate for better pay by the taxi firms.

According to the respondents, rivalry within the industry was the most intense force in the taxi industry, with 84% of the respondents affirming this view (42% of respondents strongly agreeing and another 42% agreeing). Rivalry among existing players led to jockeying for position by rival firms who employed tactical moves such as price wars and intensive advertising in order to gain market-share from rivals. The respondents pointed out that the main factor that contributed to the high intensity of rivalry was that the service was basically undifferentiated, leading most players to compete mainly on taxi-fare pricing differences that drove taxi-fares down.

The threat of substitutes was also found to be a major factor within the transport industry, with 33% strongly agreeing and 42% agreeing. Respondents were in agreement that customers had many substitute modes of transport that they could utilize instead of taxi services such as buses, *matatus* (public transport minivans), motor cycles, trains, personal cars, among other transport alternatives. Substitutes were a threat as they limited the potential returns by creating price ceilings on what could be charged by the taxi industry. Substitutes therefore ate into the market of the taxi industry.

In a nutshell all the five forces were significant within the industry though at varying intensity in the taxi industry.

Summary of Study Findings

This study was carried out to identify the competitive forces at play in the taxi industry in Nairobi city, taking Uber East Africa Limited's operations in Nairobi as a case study. These industry forces, namely the threat of new entrants, the threat of substitutes, the bargaining power of taxi customers (riders), the bargaining power of driver-partners and the intensity of rivalry among the existing industry firms influenced the attractiveness and the ultimate profitability of the industry with varying intensities. The competitive forces had a direct or indirect bearing on the prices charged, costs incurred and the required investments that determined the ultimate return on investment for firms in the industry. These forces affected the industry both jointly and singly with differing strengths. Awareness and understanding the prominence of the forces at play was therefore key to the managers to enable them implement suitable response strategies to either exploit or to cope with these forces.

New entrants was a major competitive pressure in the taxi industry, with 75% of the respondents affirming this view (50% strongly agreeing and 25% agreeing), according to the respondents. The respondents identified use of technology to lower barriers to entry as a major factor in the market. The use of nearly similar e-hailing app technology made it easy for new entrants to get into the market. Another key factor mentioned by the respondents as contributing to the lowering the entry barrier was the new business model adopted by the new taxi hailing firms whereby the firms operated using driver- partner vehicles, thus significantly reducing the initial capital costs that they would otherwise have required to acquire or lease fleets of cars for their operations. The other aspect that made entry easier for new entrants was that customers had no switching costs, were highly informed of the market offerings and so could easily switch from one firm to another, including the new entrants, depending on the attractiveness of their value propositions to the market.

The bargaining power of customers was viewed to be the most significant influence in the industry, with 90% of the respondents affirming this (67% of the respondents strongly agreeing and 33% agreeing). One key factor contributing to customer power was that the riders had no switching costs. Switching from one taxi provider to another simply involved the downloading of the taxi company’s app to be on board. Secondly, taxi customers had several alternative taxi companies to choose to ride with. Thirdly, access to information by riders was a key factor contributing to buyer bargaining power. The riders have access to information before using the services. They could easily compare taxi-fares before making a choice on which taxi company to use.

The threat of substitutes was also found to be a major factor within the transport industry, with 75% affirming this view (33% strongly agreeing and 42% agreeing). Respondents were in agreement that customers had many substitute modes of transport that they could utilize instead of taxi services such as buses, *matatus* (public transport minivans), motor cycles, trains, personal cars, among other transport alternatives. Substitutes were a threat as they limited the potential returns by creating price ceilings on what could be charged by the taxi industry. Substitutes therefore ate into the market of the taxi industry.

Conclusions

The study sought respondents' views on the competitive pressures emanating from the threat of new entrants, the threat of substitutes, the bargaining power of customers and driver-partners, and the intensity of rivalry among the existing industry firms that were competing for a share of the market. An analysis and interpretation of the findings was then carried out to explore the prominent forces that affected competition in the industry. The research revealed that the various forces affected by the taxi industry in varying degrees of intensity. The study also confirmed that Uber East Africa Limited put implemented various strategic responses in order to tackle the competitive forces to enable the firm remain competitive in the industry.

The bargaining power of driver-partners was a major force in the industry. This was because Uber did not own the vehicles operated by the driver-partners. This provided the driver-partners with bargaining power and created vulnerability on the company. The driver-partners could easily switch between rival competing firms by homing from one taxi e-hailing platform to another.

Recommendations

The essence of strategy formulation lies in the ability of the strategy to cope with an organisation's competitive environment. The state of competition in an industry depends on five forces that determine competition as already been discussed. These competitive pressures emanating from the threat of new entrants, the threat of substitutes, the bargaining power of customers and driver-partners, and the intensity of rivalry among the existing taxi industry firms determined both firm and industry profitability and returns. The success of any taxi company within the industry therefore heavily leans on the firm's awareness and implementation of appropriate coping strategies, especially against the prominent industry forces. This study therefore recommends further research on the competitive forces at play in the taxi industry in Nairobi. Further research could aide in the identification of the various environmental factors at play in the industry that could guide in formulating suitable strategic responses. Further research could also bring in new viewpoints of other industry stakeholders that could prove instrumental in assessing the effectiveness of the various strategic responses adopted by the organisations to cope with the competitive forces in the taxi industry.

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