

MAX: KICKSTARTING LAST-MILE LOGISTICS IN LAGOS

CASE STUDY ANALYSIS

MODULE TITLE: STRATEGIC MANAGEMENT LCMB7003

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TABLE OF CONTENTS

1. Introduction
2. MAX's Business Model
3. Industry highlights
4. External analysis of MAX Nigeria
 - 4.1 Applying Porter's Five Forces
5. Internal analysis of MAX Nigeria
 - 5.1 Value chain
 - 5.2 Resource-based analysis & VRIO
 - 5.3 McKinsey 7s
6. Future strategies for competitive advantage & growth for MAX
 - 6.1 Ansoff Matrix
 - 6.2 Strategic clock
7. Conclusion
8. Recommendations
9. References

1. INTRODUCTION

The growth of eCommerce on the African continent over the past few years has created a business opportunity for another sector – fulfilment logistics. Metro Africa Xpress (MAX) is a Nigerian start-up with a mission to bring economic growth for the people of Nigeria and Africa and to revolutionize the way business is done across the continent. Relying highly on technology, MAX is putting a focus on creating added value by its operations for employees, customers and the society in general. During the first 2 years since its launch in 2015, the company had experienced 20% monthly growth in its revenues and services. **This report aims to** analyze the emergent strategy of Metro Africa Xpress and its core sources of growth and competitive advantage. The first part of this report examines the **macroenvironment of the company** and the industry environment, along with the opportunities and threats, created by external factors. **Chapter 4** explores the internal capabilities of MAX, while **chapter 5** analyzes future growth strategies. Based on the findings in this report, chapter 8 summarizes strategic recommendations for gaining and maintaining competitive advantage.

2. MAX's BUSINESS MODEL

Metro Africa Xpress addressed the last-mile delivery and online-retail problems by using mobile and web platforms to connect consumers, retail businesses, and independent drivers in real-time thus eliminating numerous logistics and technology barriers that have prevented retail businesses in Africa from realizing their full potential.

MAX is the only on-demand delivery service that **guarantees 3-hour delivery** in the large and dense urban area of Lagos. MAX doesn't just serve online merchants, the company also works with SMBs and corporations which are not economically able to maintain in-house logistics teams. Despite this, MAX engages in **ride-hailing** and **food delivery** as well. Although the model is new for the Nigerian market, it is quite similar to other fast-developing start-ups like Uber and Deliveroo. What is unique about MAX and gives them a competitive advantage, is the deep understanding of the local market and the **genuine drive towards corporate social responsibility (CSR)**. Despite being a global practice for corporations, literature doesn't provide a clear

universal definition of CSR. The most common definition is firms' activities that advance a social agenda beyond what is required by law (Campbell, 2007; Rodriguez et al., 2006;). The more interesting matter though is what provokes companies to engage in such activities. According to Baron (2001; 2009), there are 3 types of motivations for CSR: altruism, threats, and profit-maximization. MAX manages to adopt a social approach which facilitates day-to-day operations and indeed leads to profit maximization, but it also has an added value for the society as a whole. Its core values are transparency, integrity, and partnership. To enable payments, MAX provides a range of online and offline payment options. MAX uses geotag location generated real-time from its drivers to optimize routes and develop more detailed and accurate street maps. Lately, to address the lack of skill and competence among African drivers, MAX establishes a training academy for drivers. Similar to Uber, as a remuneration for its drivers, MAX uses a commission-based model. Unlike the foreign company though, MAX invests in its human resources and empowers them by additional benefits like health care, training and equipment. MAX is adopting an interesting model which proved successful in other parts of the world. What differentiates MAX from its competitors is their vision to take all African businesses online and provide the underlying delivery infrastructure.

3. INDUSTRY HIGHLIGHTS

The logistics and supply chain sector are one of the fastest-growing industries in Nigeria, but it hasn't been able to achieve its full potential due to numerous reasons such as anti-business government policies, corruption and poor infrastructure & road network. A survey carried out by the LCCI (Lagos Chamber of Commerce and Industry) showed that the Nigerian economy lost an estimated annual revenue of N3.46trillion due to poor infrastructure, poor implementation and corruption at the ports. The courier and delivery industry are currently regulated by NPS (Nigerian Postal Office), the same body which operates the Nigerian Post Office (NiPOST), a direct competitor of the private courier businesses. Apart from NiPOST and other local private companies, major players in the industry are RedStar Logistics (FedEx owned), DHL and UPS. The lack of skilled and trained workforce is another reason behind the slow growth of the industry.

Following the recession in 2016, the Nigerian government banned the import of 43 products to boost local manufacturing and trade. The developing manufacturing sector creates opportunities for logistics and warehousing companies. What is more, in 2018 Nigeria signed the African Continental Free Trade Agreement, giving access to the entire African market thereby improving the trade between the neighbouring countries and aiding the growth of the logistics sector.

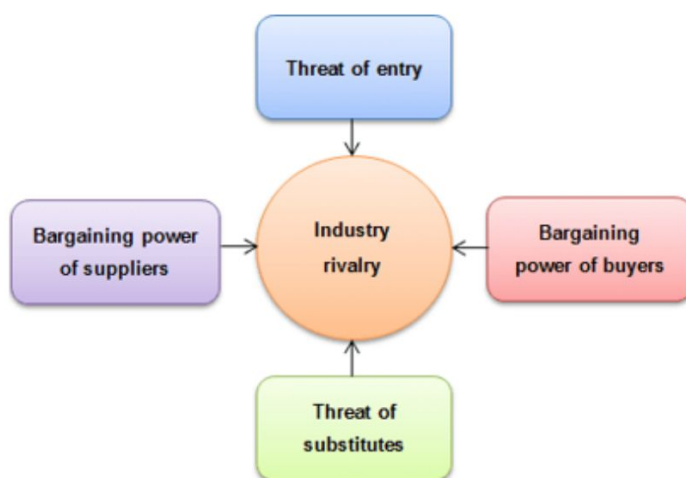
The e-commerce sector is also experiencing exponential growth, generating US\$ 4,885.7 million of revenue in 2019. Due to COVID-19, there has been a decline in ride-hailing volumes, but food delivery services have skyrocketed. In Nigeria, there

are two categories in the food-delivery – platform-to-customer delivery and restaurant-to-customer delivery. The Nigerian e-commerce market is led by Jumia, Africa's version of Amazon. This e-commerce platform also has a food delivery service, Jumia Food that holds a 50% market share in the sector. Jumia Food has about 1 million customers across 30 African cities. In Lagos, it has 4,000 restaurants including local businesses and popular chains such as Pizza Hut and McDonald's.

4. EXTERNAL ANALYSIS OF MAX NIGERIA

4.1 APPLYING PORTER'S FIVE FORCES

The key notion behind the model is that beyond a firm's direct competitors, there are other drivers which influence profitability and competitive advantage. This model is universal for all industries and it is very useful to better understand a firm's market position and measure the industry's attractiveness.



- **BARGAINING POWER OF BUYERS - MEDIUM**

MAX managed to position itself on the market as a customer-focused and socially responsible company. Although its prices are slightly higher than competitors, MAX has a great competitive advantage because of its innovative approach and perceived added value to its services - punctuality, safety & security.

On the other side, Nigeria follows a growing trend of GDP per capita, internet usage and online shopping which suggests that the industry is still developing and expanding. A lot of MAX's B2B customers are small businesses, growing at a fast pace. This could lead to creating their independent distribution channel (forward integration) and thus create an unfavourable environment.

- **BARGAINING POWER OF SUPPLIERS - LOW**

This force is low because switching costs are small for MAX and the company is not dependable on many suppliers. The key supply which influences MAX' operational costs is petrol, which is not a scarce resource in Nigeria, maintaining relatively stable prices since 2017. MAX's drivers could also be perceived as suppliers. Despite the scarcity of reliable professionals is an issue for MAX's growing operations, the company has a high employee retention rate.

- **THREAT OF SUBSTITUTES - LOW**

The force is low because there are not many alternatives for deliveries in Lagos. The city is known for its underdeveloped infrastructure and traffic congestion and motorcycles are the fastest and most cost-effective way of transportation.

The existing postal system is outdated and doesn't satisfy the needs of the customers and the fast-developing e-commerce industry. Large courier firms are working only with companies with a big scale of operations. The "informal delivery" option is lacking the operational and technological resource and it is said to be unreliable and not safe. With its business model, MAX filled a gap in the market, which led to a temporary competitive advantage by being a "first-mover".

- **THREAT OF NEW ENTRANTS - MEDIUM**

The barriers to entry in the industry are not high, because the costs are small and there is a huge demand. With its innovative business approach, MAX has become a pioneer in the Nigerian market and has built a strong brand name. The biggest threat comes from foreign companies with similar business models (Deliveroo, Uber). These companies have undertaken aggressive global expansion, focusing on big cities, like Lagos. What is more, because of their global operations, these companies have already achieved economies of scale, they have well-established brands and invest a lot in marketing.

- **INDUSTRY RIVALRY - LOW**

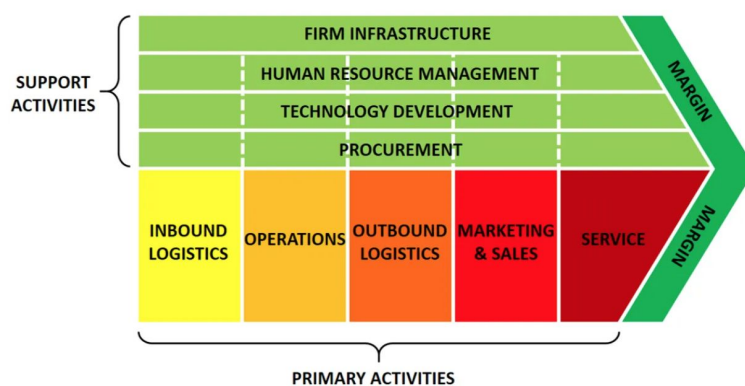
MAX filled a gap in the market and successfully positioned itself on the market as a reliable, innovative and socially-engaged company. The quality of service is a key factor of differentiation for MAX. The company has built a brand name and reputation by external and internal marketing activities. The strongest source of MAX competitive advantage though is the unique value proposition the company has created. The activities the company engages in (supporting small businesses, creating a lot of job opportunities) create an emotional & symbolic value proposition for customers, partners and suppliers.

With its innovative approach, MAX has earned a competitive advantage on the market. The delivery industry in Nigeria is still in its growing stage, with various unsolved regulatory and infrastructure issues, but holding a lot of opportunities for logistic companies. Currently,

industry forces are quite favourable for MAX, the company's business model is unique for the market and thus it is a source of growth and competitive advantage. The highly attractive industry though could provoke the interest of foreign (and local) investors, adopting a similar business model, which could jeopardize MAX's market position. After analyzing the external business environment, the next chapter examines the internal resources and capabilities of a firm.

5. INTERNAL ANALYSIS OF MAX

5.1 VALUE CHAIN ANALYSIS



Source: <https://www.business-to-you.com>

Michael Porter's value chain framework is very helpful for organizations as it helps identify where costs could be reduced or value could be created, by deconstructing a firm's operations in smaller segments. The activities are classified as "primary" - the

major stages and "support activities" being all the operations which connect the separate primary ones. The framework could be applied to all types of businesses but it should be adapted according to the essence of the business. Being a service company, some of the primary activities are non-existent for MAX. **MAX's Operations** activity is the **Outbound logistics** stage of a traditional product company. As mentioned in the previous chapter, MAX provides on-demand delivery, which eliminates handling, storage and warehousing costs. Order-processing and payment are automatized and handled by MAX's app. **Marketing & Sales** is an essential activity for service companies, as it could be used as a source of differentiation. MAX has "outsourced" its sales operations to its customers and drivers by creating a mobile app, which connects the two parties. It could be stated that MAX acts as a regulatory body and intermediary between the customer and the driver, rather than a sales body. MAX's drivers are contracted on a commission-based model, which minimizes costs and risk for MAX. MAX uses marketing segmentation to create services, which suit the different needs of both B2B and B2C customers. Punctuality and reliability are crucial for the brand reputation of delivery companies. MAX's price transparency and 3-hour delivery service differentiates the company and helps it to build a strong brand image. Apart from the traditional ways of advertising, MAX has transformed its employees into brand ambassadors by providing them with branded uniforms and equipment and educating them on MAX's core values. Positive word-of-mouth is a very empowering marketing tool as it can reach out to a

large number of people, without any financial costs for the company. In today's economy, **customer service** is what adds value to the brand. A lot of companies have undertaken a customer-based approach, crafting their strategy based on consumer's needs and wants. MAX has filled a gap in the Nigerian delivery market, ensuring reliability and punctuality, features which are highly valued, but missing in other companies. The company promises 3-hour delivery and a full refund in case of a delay. Thus MAX creates value by ensuring that core elements, influencing customer's decision - punctuality, reliability and safety, are fulfilled. The supporting activities aim to coordinate and support the functions of the primary activities. Procurement refers to the function of purchasing inputs used in the firm's value chain. In the case of MAX, the main input is the vehicles. The company has undertaken an interesting approach, which helps to speed up the ROI and the same time creates value for its employees - the drivers who joined MAX without their vehicle benefit from an interest-free scheme which allows them to acquire the vehicle and use it for their personal needs. The Nigerian start-up puts an important focus on **Human resource management and Technological development**. In service companies, employees have a great influence on the firm's operations and therefore success or failure. They are usually the face of the company and an intermediary of communication between stakeholders and customers. MAX puts its employees before revenues and has invested a lot in training, education and employee well-being. MAX aims to create a loyal team with a common mission. MAX is characterized as a technological start-up, as its main activities are fully automatized and done through their app. Using technology, MAX lowers costs by simplifying operations and creates added value by solving numerous infrastructure obstacles, which have stopped the growth of the industry on a national level. **The firm infrastructure** also relies mostly on technology - along with the app for customers and partners, MAX has developed additional features as MAX Wallet (payment app) and a score-based system for service evaluation. The real-time geo tagging allows the company to have a detailed view on operational costs and improve efficiency by remapping the neglected road network of Lagos.

5.2 RESOURCE-BASED VIEW OF MAX

The RBV model is centred around the idea that resources and capabilities are sources of competitive advantage. While **resources** enable a firm to create and implement strategies, **the capabilities** of a firm allow it to take full advantage of the resources it controls. For a firm to maintain its competitive advantage though, it has to possess heterogeneous resources and assure their immobility.

The primary resource of MAX Logistics is their **innovative business model**, highly dependable on technology. The mobile platform is the intermediate connection between MAX's drivers and customers thus minimizing risk via transparency and making communication and operations easier as there are no intermediaries between the firm and the customer (for example, customer service agents, supply-chain coordinators, etc.). MAX's managers' **capability** of adopting a western business model, modified to suit local needs **has enabled the firm to gain revenue growth**, attract foreign investors and fill in a gap in the market. MAX's team consists of the two founders, the software engineers, taking care of their

mobile platforms and MAX's Champions. MAX's drivers are paid by commission, based on individual performance, which in theory make them contractors of MAX, rather than full-time employees, but in reality, they benefit from all the features of full-time employment - full healthcare plans and insurance packages. **Human resources** are a key factor for MAX's success, as MAX's Champions are more than drivers - they are the only physical contact between the company and the end customer, therefore, their service quality and personal skills are very influential to MAX's image and brand reputation. MAX's managers' **organizational capabilities** to create an internal corporate culture with shared values and goals enabled the firm to utilize its **human resources to gain a competitive advantage**. MAX managed to tackle existing issues in Nigeria's logistics industry such as lack of reliability and safety by establishing relationships based on mutual loyalty, correctness and respect. **MAX's capability of deeply understanding** the local market's needs and current obstacles allows the company to allocate its resources in a way that not only minimizes risks and facilitates sales revenues but takes into consideration societal long-term interests thus adding a unique value proposition to its services.

5.3 APPLYING THE VRIO FRAMEWORK

The **VRIO framework** is a strategic method that can be used to evaluate an organization's resources and capability to change. "VRIO" stands for Value, Rarity, Imitation and Organization, being the main features characterizing a firm's resources and capabilities. By answering four questions about the resources or strategies the organization possesses, a company could determine whether its resources and capabilities are a source of competitive disadvantage, competitive parity, temporary competitive advantage, or sustained competitive advantage—and the extent to which these resources and capabilities are strengths or weaknesses. The table below is the application of VRIO on MAX Logistics.

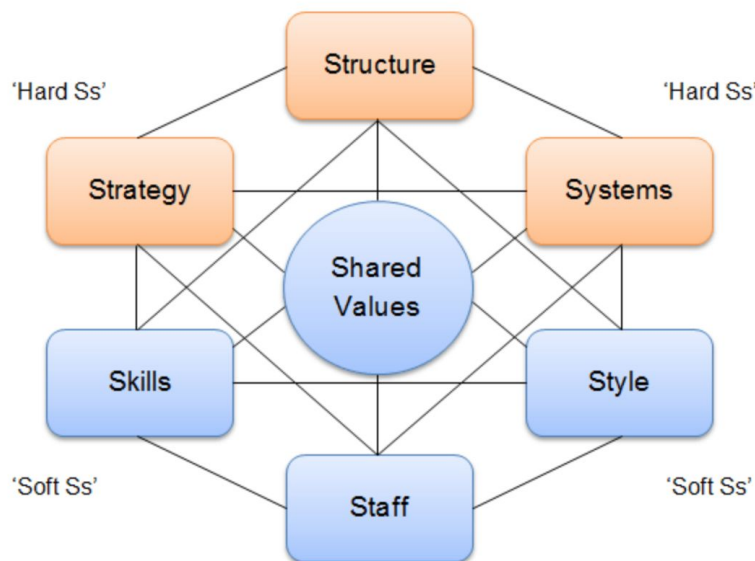
Resource/capability	Valuable ?	Rare?	Difficult to imitate?	Supported by the organization?	Competitive implications
MAX's business model	Yes	No	---	----	Competitive parity
Human resources	Yes	Yes	Yes	Yes	Sustained competitive advantage
Technological resources	Yes	No	----	----	Competitive parity
Established business relationships	Yes	Yes	Yes	Yes	Sustained competitive advantage
MAX' capability of understanding local needs	Yes	Yes	Yes	Yes	Sustained competitive advantage
MAX's corporate responsibility	Yes	Yes	No	----	Temporary competitive advantage

All the resources/capabilities from the first column have somehow influenced MAX's competitiveness, therefore they are valuable for the company and could be defined as MAX's internal strengths. Following the implications of the RBV model and VRIO framework, valuable resources are not enough for a competitive advantage. If the resource is valuable, but common (used by numerous competitors) it only enables the company to maintain equal competitiveness to other industry rivals, but it doesn't give any internal advantage. On a local level, MAX's business model is revolutionary for the Nigerian market and they are much more technologically advanced compared to other local companies. Nigeria though is an attractive market for foreign investors, so **when applying the VRIO framework to MAX with a global perspective**, their business model and level of technology development are not rare and it just gives MAX competitive parity. Technological start-ups like Uber and Deliveroo have very similar business models and have achieved economies of scale because of its aggressive strategy of penetrating new markets. Indisputably, MAX is an innovator on the Nigerian market and has transformed the on-demand delivery business in the country. Both of MAX's founders are Nigerians, very much acquainted with the challenges and particularities of the Nigerian market. The founders' personal and professional capabilities have enabled them to adapt the western business model to local needs, which is a key factor for MAX's success. Bamiduro and Azodoh (MAX's founders) goals go far beyond business. They aim to tackle long-term obstacles like the lack of skilful force in the industry and poor infrastructure. **Coming to the question of imitability**, other companies with bigger than MAX's financial and technological resources (Google, Amazon, Deliveroo) could easily outperform MAX's achievements - create more jobs, contribute to the development of the entire country's infrastructure (with the scope of easily conducting its operations), facilitate Internet usage in Nigeria. It is common for TNCs when entering developing markets to ensure their market position using huge flows of FDI. Therefore MAX's CSR capability is giving them only a temporary competitive advantage, because of their financial incapability to multinational corporations. **What differentiates MAX to others** is their capability and genuine drive to understand local needs and business and social issues. Numerous academic pieces examine the impact of human resource practices on firm performance (Barney J.B and Wright P. 1999; Wright P. & McMahan, G. C, 2011; Chang A et. al., 2005; Brown, M. et al., 2009). The right HR practices help to develop more complex individual and organizational relationships, which are costly to imitate. MAX puts a great focus on its employees, despite most of them being only contractors. The support goes beyond financial and additional work benefits - MAX puts its employees' well-being before business relations. Giving up its biggest client due to their offensive behaviour is an example of a good HR practice. By emphasizing on interpersonal relationships, MAX managed to create an internal organizational structure with shared norms and values. When the resources and capabilities a firm uses to gain competitive advantage involve interpersonal relationships, trust, culture (Barney, J.B. & Hesterly, W.S., 2019) these are costly to imitate. MAX uses its capability of understanding the market to create a strong organizational structure based on mutual trust and loyalty. The company focuses on targeting small businesses, rather than big companies and aids them in introducing technology in their operations. **Thus it could be stated that based on the VRIO framework, MAX gains sustained competitive advantage from its human resources and capabilities to understand local needs and establish trustworthy relationships with partners.**

4.3 MCKINSEY'S 7S FRAMEWORK APPLIED TO MAX

McKinsey's 7s model could not be defined as a pure strategy model (Bengt K & Lovingsson, F. H., 2005). It rather explores areas of improvement and development, by examining 7 factors, according to McKinsey, essential for organizational development: strategy, structure, systems, skills, style, staff and shared values. The

key point of the model is that all the seven areas are interconnected and a change in one area requires a change in the rest for a firm to function effectively. Where Hard areas are easily influenced by management, Soft areas are more influenced by the culture of the organization.



McKinsey's 7S model diagram

- **STRATEGY** - MAX maintains a competitive advantage by providing much-needed logistics solutions. Their focus is on-demand delivery – an operating model that's radically different from traditional couriers, as it eliminates the use of hubs and sorting centres. MAX is adopting an interesting model, backed by a powerful technology platform. The company's core mission is to be "a profitable business that empowers people." Their strategy is using a success-proven business model but adapting it to the local conditions. The company encircles its strategy around its mission to empower individuals and create sustainable value for its country.
- **STRUCTURE** - MAX's operations are divided by the type of consumer they serve. MAX's B2B business includes MAXEats (restaurants and made-to-order food companies), firms selling goods online, and home businesses. Their B2C services include one-off deliveries and MAXGo (hailing services). All the operations are done through the online platform (excluding some cash payments), which is quite similar for businesses and end customers. The founders, Adetayo Bamiduro and Chinedu Azodoh are implied and well-acquainted with day-to-day operations. MAX's structure is simple, with Bamiduro and Azodoh on top. As of 2020, the company's structure has changed - except for the IT department, according to their official LinkedIn page, MAX has also a Marketing, Sales and Human Resource department.
- **SYSTEMS** - MAX's procedures and processes are clear and simple, closely monitored by technology. MAX has developed its unique payment system, combining digital and cash

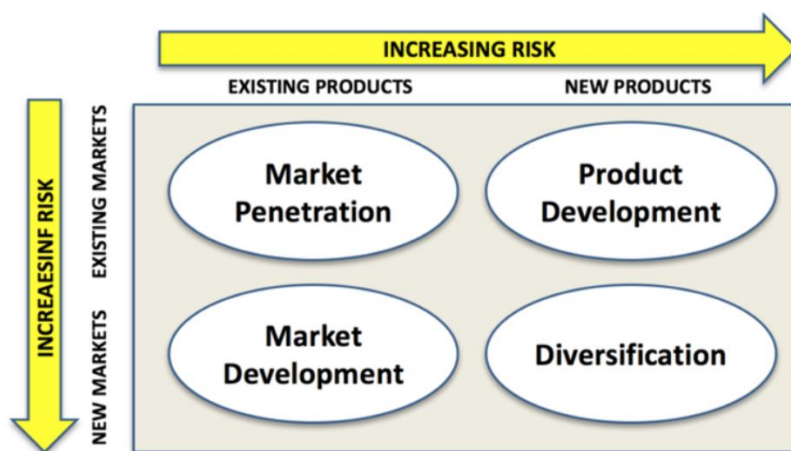
payments, to suit local needs. To keep the drivers motivated, it adopts commission-based payment schemes. The company comes with the solution for these drivers who joined them without a vehicle - it implemented an interest-free asset-financing scheme, where after a year working for MAX, the driver could become the owner of the motorcycle.

- **SKILLS** - The strongest skill represented within the company is the ability to build trustworthy relationships with its partners, customers and its employees. MAX is a place where mutual respect and transparency in relationships is essential. The company adopts transparent pricing, provides reliable and fast delivery and with its operations aids the development of numerous other small businesses.
- **STAFF** - One of MAX's aims is to create respectful, well-paid jobs for numerous Nigerians. While expanding its operations, the company finds the lack of skilful and trustworthy workforce a major obstacle. MAX has managed to transform the "untrustworthy" image of Lagos motorcycle delivery drivers, by training its staff, providing them with branded uniforms and employee benefits. To keep its staff motivated, MAX gave rewards to anyone whose tenure with the company reached milestones like 6 months or one year. The company enjoys a very small retention rate and a lot of employees prefer MAX to better-paid job opportunities. What is more, MAX's founders hope they will inspire and empower its employees to start their own businesses and join them in building up Africa's economy.
- **STYLE** - Style refers to the way things are done within the organization or its informal rules. Bamiduro and Azodoh's leadership style could be defined as western-influenced (MAX is a tech start-up, its business model is similar to western start-ups like Uber), but deeply driven by personal beliefs and experiences. At MAX managers value employees' insights and put a great focus on interpersonal communication.
- **SHARED VALUES** - Placing shared values in the centre of the model emphasizes that this area is central to the development of all the other critical elements. MAX's stated core values are transparency, integrity, and partnership. Having already analyzed the other 6S, it could be concluded that MAX has aligned the latter with its corporate values. MAX's systems are organized in a simple, user-friendly way. The structure is simple, direct communication between team members is preferred, managers have earned their employees and partners' loyalty by being trustworthy, respectful and supportive. MAX makes its employees and partners part of their mission to empower business and individuals in Africa.

6. ANALYSIS OF FUTURE GROWTH OPPORTUNITIES FOR MAX

After defining MAX's mission and objectives and analyzing the external environment the company operates in and its internal resources and capabilities, this chapter explores future growth opportunities for MAX. The ultimate objective of the strategic management process is to implement a strategy that generates competitive advantage (Barney, J.B. & Hesterly, W.S., 2019). A strategy, which is consistent with the company's mission and objectives, exploits opportunities in its environment by using its internal strengths and minimizes risk by tackling its weaknesses, is likely to be a source of sustained competitive advantage.

5.1 APPLYING ANSOFF'S MATRIX



The Ansoff Matrix is a tool used by firms to analyze and plan their growth strategies. The matrix shows four growth strategies that set the direction of the business strategy and also measure the risk associated with each strategy.

The four strategies of the Ansoff Matrix are:

- **Market Penetration:** *This focuses on increasing sales of existing products to an existing market.*

In the case of MAX, this growth strategy would be important for the company to secure its market dominance and maintain/increase its market share. The company is a new tech-startup, but Internet usage and technology in Nigeria is not yet so developed, compared to western economies and China, for example. Therefore, MAX could secure its market position by a combination of traditional and digital advertising, sales promotion and loyalty schemes. What is more, with its extensive activities on CSR, the company implements **The Societal Marketing Concept** and could centre its PR around sponsorships, valuable content creation and charity events.

- **Product Development:** *Focuses on introducing new products to an existing market.*

Product development is particularly suitable for a business where the product needs to be differentiated to remain competitive. MAX is a tech company, which has proven it could easily adapt its services to the needs of different types of consumers. 80% of MAX's deliveries come from restaurants and made-to-order food companies, so the company could easily adapt Deliveroo and Uber's "dark kitchen" model thus creating more job opportunities, responding to consumers' needs (food delivery has growing popularity in Lagos). By focusing on product development, MAX uses its core strengths (innovation, detailed insights into customer needs) and gains the temporary competitive advantage of being a **first-mover** (Suarez and Lanzolla, 2005; Birger, 2006).

- **Market Development:** *This strategy focuses on entering a new market using existing products.*

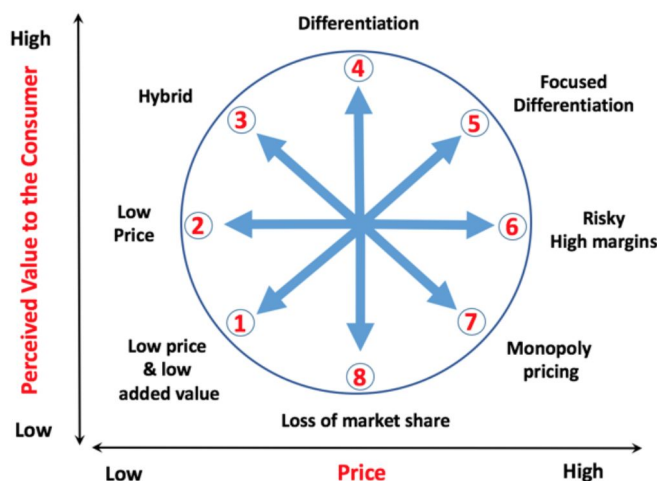
Although this strategy is riskier than market penetration, it could be successful for MAX as Bamiduro's team had already received representatives from several African countries (Senegal, Egypt, Morocco, and Côte d'Ivoire), interested in implementing similar business model or partner with MAX in their own countries. To gain growth when choosing this strategy, the company should ensure that consumers in the new market are profitable. Exploiting the already existing interest from international representatives, countries with high HDI (Human Development Index) like Egypt and Morocco could be an ambitious, but profitable target market for MAX. It is also important that consumer behaviour and habits in the new market are not very different from those of consumers in existing markets. Therefore, it might be less risky for MAX to firstly undertake regional expansion to other big cities in Nigeria (Kano, Ibadan) and then expand internationally to countries with closer proximity and similar market needs and consumer behaviour.

- **Diversification:** *Focuses on entering a new market with the introduction of new products.*

Although such a strategy is the riskiest, as both market and product development are required, it may offer the greatest potential for increased revenues, as it creates an entirely new revenue source for the company. It is not hard for technological companies like MAX to diversify their products and services, as their operations are organized digitally, easy to control and change. Google, Amazon, Alibaba are examples of technological companies, who have been earning sustained competitive advantage due to their constant product and market development. For its current market stage of development, this growth strategy is not suitable for MAX as it requires a lot of financial and human resources, broader customer insights and more advanced organizational structure.

5.2 BOWMAN'S STRATEGY CLOCK

Bowman's Strategic Clock is a model that explores the options for strategic positioning. It explores eight possible strategies, based on two variables - price and perceived value. As per Bowman, competitive advantage is the factor of cost advantage as it works as a distinctive element for the company and harps on the strategic positioning and the overall positioning of the product in the market. Bowman's Strategy Clock is commonly used in conjunction with tools such as the Ansoff Matrix and can be seen as an extension to Porter's Generic Strategies.



As already mentioned in the previous chapter, MAX's mission is to "empower people", its mission won't be fulfilled if the business doesn't create added value. Therefore, **Position 1, Low price & low added value and position 7 (Monopoly pricing)** are not suitable for MAX, as these strategies are in conflict with the firm's mission and objectives.

Position 2, Low price

suggests the implementation of a strategy of cost minimisation. Cost advantage is often associated with economies of scale, so this position would be appropriate for MAX if they adopt the **Market Development** strategy from the Ansoff Matrix. As the name implies, a **Hybrid position (No3)** involves some element of low price (relative to the competition), but also some product differentiation. This can be a very effective positioning strategy for MAX, particularly because of its current strategy to offer consistently added value.

Position 4 is very suitable for MAX, as the aim of a differentiation strategy is to offer customers the highest level of perceived added value. Branding plays a key role in this strategy, as does product development. The ability of a product differentiation strategy to add value to a firm must be linked with rare and costly-to-imitate organizational strengths in order to generate sustained competitive advantage (Barney, J.B. & Hesterly, W.S., 2019). This positioning strategy suits MAX's business objectives and effectively exploits its internal resources of competitive advantage (staff, technology, market insights). **On the other side**, although **Position 5** also implies high added value, it is not appropriate for MAX. This strategy from the Bowman's Strategy Clock is mainly applicable to the brands that focus on the luxury (high involvement) and exclusive products that are high on quality and are sold at a high price. MAX offers logistics services, where the demand is high (satisfies daily needs) and a very high price won't be a strategically appropriate decision. **Position 6, Risky Margins** could be competitive only in the short-term and as well doesn't match MAX's vision. As the name suggests, **the 8th position** is suitable for businesses that are exiting the market or are in decline, which is not the case of MAX.

7. CONCLUSION

Metro Africa Xpress (MAX) introduced a revolutionary business model in the Nigerian market. The company tackles the current obstacles in the industry using technological innovation and by focusing on the creation of organizational culture with shared values. The primary aim for MAX is to create a successful business, which creates value for the individual and the group. It could achieve that by exploiting its current market position and its internal strengths, source of sustained competitive advantage. Based on the industry highlights in chapter 3 and the applied Five Forces in chapter 4.1, it could be concluded that the industry is quite attractive for MAX, as there is a growing demand and not so many market players. Deriving from the analysis of MAX's internal resources and capabilities and then applying the VRIO framework, MAX focuses its strategy on strengthening and expanding its partnerships and customer network. MAX's management style and a genuine drive for creating value are sources of sustained competitive advantage. The company could choose to either expand to new (domestic and international) markets and thus increase their chances to achieve economies of scale or they could undertake a product differentiation strategy and focus on strengthening their position on current markets. In both of these scenarios, the company needs to adopt an omnichannel marketing strategy, strengthen the organizational culture by maintaining and improving HR practices and continuously invest in innovation, research & development.

8. RECOMMENDATIONS

Since its launch, MAX has been following a growing market trend. Based on the firm's internal analysis and examination of future opportunities, the below points outline the ways MAX Nigeria would be able to grow its revenues and market share and gain competitive advantage.

- **Adopting a multichannel marketing strategy**

Although nowadays marketers focus a bigger percentage of their budgets in digital promotional channels, for a still-developing market like Nigeria traditional advertising would help to reach new target markets, like less technology-savvy consumers. MAX should focus its marketing strategy on promoting the benefits of its services, which differentiate them and could create customer value propositions. Being a tech company, MAX needs to be present on social media channels. Social media could be a useful tool for communicating to end customers. Nowadays social media is a cost-effective way of creating awareness, engaging customers and following consumer behaviour. The presence of CRM (customer relationship management) systems could provide valuable customer insights and increase brand loyalty. MAX should link their branding strategy to their mission to empower people.

- **Expanding on domestic and international markets**

A market expansion could help MAX achieve economies of scale and increase its market share. Economies of scale suppose cost minimization, which could give MAX the possibility to allocate resources in implementing other more risky growth strategies, like diversification. Regional expansion is the safer option, but the possibilities for growth are not so big as if the company chooses to expand internationally. MAX could modify its strategy for international markets to minimize risks - working with drivers only on a contractual basis, allowing only online payments or launching only part of the Lagos services.

- **Product development**

Gaining competitive advantage by being the first to introduce a product or a service on the market is a typical scenario for a lot of tech companies. Since its launch, MAX has already introduced new features like hailing services. Product development is closely related to product differentiation strategy and proven successful for numerous technological companies (Tesla, Amazon, Alibaba). If MAX adopts this strategy, it should focus on technological development and market research.

- **Mergers & acquisitions**

Mergers and acquisitions are a quick and less risky way to increase company size and revenue or achieve efficiency through diversifying the firm's operations (economies of scope). MAX has already undertaken this approach once - to launch its food delivery service, MAXEats, MAX acquired EasyApetite, a Nigerian food delivery company.

- **Diversification**

Only firms with diversified operations could gain economies of scope. The ability of a diversification strategy to create sustained competitive advantages depends not only on the value of that strategy but also on its rarity and imitability. The rarity of a diversification strategy depends on the number of competing firms that are exploiting the same economies of scope through diversification (Barney, J.B. and Hesterly W.S., 2019). MAX could use the diversification strategy to gain a competitive advantage, but it should come up with a unique approach for this strategy to be effective. A recommended area of diversification could be the establishment of driving school. Such a project would solve the current issue of scarcity of workforce in the industry and would create added value for society. Another option for MAX could be providing an online shopping platform, where its existing and new partners would offer their products (adapting Amazon's Marketplace model for Nigeria). E-commerce is already enjoying growing popularity in Nigeria and such a platform would be a great support for small businesses.

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