

**CATEGORY MANAGEMENT PRACTICES AND SUPPLY
CHAIN PERFORMANCE OF SUPERMARKETS IN NAIROBI**

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THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
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DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

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This research project has been submitted for examination with my approval as the University Supervisor.

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“It looks impossible until it is done” Nelson Mandela

The journey to the completion of this thesis has been long but academically an enriching experience, professionally challenging yet exciting. Even though it is signed by me, this thesis is as a result of valuable contributions from individuals who have unreservedly offered mentorship and guidance to its completion. To start with, I would like to thank God for granting me the strength and zeal to study.

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DEDICATION

I dedicate this thesis to my parents: Mzee P.K. Njagi and E.W. Karonjo, who despite having acquired limited education, ensured that their siblings received good education. They will always remain a great source of inspiration for my writing and life endeavors.

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ABBREVIATIONS

CM	Category Management
FMCGs	Fast Moving Consumer Goods
GDP	Gross Domestic Product
IT	Information Technology
MRP	Materials Requirement Planning
ROI	Return on Investment
SCM	Supply Chain Management
SCOR	Supply Chain Operation Reference
SRM	Supplier Relationship Management
TCO	Total Cost of Ownership

ABSTRACT

Category management practices was recently introduced in Kenya and it has been deployed by a few multinational retail firms to ensure that goods and services that are commonly used and cannot be purchased separately by the different functional teams but acquired through a single process in order to leverage on its total spend in the market for the relevant category. The resultant benefits are, better value for money through aggregation of demand, standardizing of specification, enhanced supplier relationship, proper and cost effective procurement skill utilization in market watching and analysis (Green, 2011). Many supermarkets are at crossroads, either to continue doing the transactional sourcing, offer strategic sourcing solution to the business or broaden their approach to include category management. The objectives of the study were to establish the category management practices used by Supermarkets in Nairobi, Kenya and to establish the relationship between category management practices and supply chain performance of supermarkets in Nairobi. The independent variable was category management practices as measured by Planogramming, product assortment, in store/shopper marketing, promotion and pricing. Supply chain performance was the dependent variable which the study sought to explain and it was measured by cost reduction, responsiveness, flexibility, service delivery and efficiency of asset utilization. Primary data was collected from supermarkets in Nairobi with the aid of questionnaires. 80 questionnaires were administered to the respondents where 77 filled and returned. This yielded a response rate of 96.25%. The study employed a descriptive research design and a multiple linear regression model was used to analyze the relationship between the variables. Statistical package for social sciences version 21 was used for data analysis purposes. The results of the study indicated that supermarkets are practicing category management practices to a great extent. Programming, product assortment, in store/shopper marketing, promotion and pricing were considered as adequate variables in explaining the performance of the supply chain. This is supported by coefficient of determination also known as the R square of 58.6%. This means that the category management practices selected for the study explain 58.6% of the variations in the dependent variable which is Supply chain performance. The findings affirm that independent variables can be adequately used to predict supply chain reported and is shown by p value (0.000) which was less than the conventional 0.05 level of significance. This study recommended that organizational employees especially from the supply chain management should be trained further on the various aspects of category management practices and the need for the same towards boosting overall supermarket SC performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The recent advances in knowledge concerning the proper role of category management within the modern organization overshadow completely the early work and study devoted to this function. Knowledge from past experiences often gives an individual a keen insight into current issues and a better perspective on the likely future occurrences. Supermarkets have dealt with these challenges through utilization and implementation of category management practices implementation with the help of association between trading partners who have combined their strengths in different fields to attain better supply chain performance (Brown, 2011).

Various constraints limit the performance of supply chains that deal with fast flowing consumer commodities in supermarkets Supply chain systems and this is viewed dynamic since they have to be frequently adjusted to suit the changing consumer preferences and offer the consumers a broad variety of products. Supply chain systems are expanding around the globe each day which makes many supply chain to face adverse challenges due to the high level of responsiveness which they have to maintain (Erick, 2012). Supply chain management professionals have however tried improving the supermarkets performance by applying supply chain management initiatives, which are in line with category management practices. In the modern society, purchasing functions have added opportunities to add more organizational value with category management ranked as the most significant enablers needed so as to attain these opportunities with several studies conducted by supply chain management researchers on practices related to Category Management practices and how they influence supermarkets supply chain performance (Delta Partners', 2010).

This study is based on various theories; contingency theory which implies that one thing depends on the other things thus there must be a “goodness of fit” between the structure and external environmental conditions of an organization for it to be effective. Thus the most appropriate management approach is determined by the situation of the organization (Daft 2001). This study agrees with the contingency theory concept which argues that that the selected design must conform to its contextual factors (Pugh, 2008). The resource based view which asserts that sustained competitive advantage and improved performance by a firm can be realized by exploiting rare, valuable, non-substitutable and imperfectly imitable resources is also used in this study (Hart, 1995).

1.1.1 Category Management

The concept of Category Management is "the practice of segmenting the major functions of organizational spend on bought-in commodities into distinct groups of goods and services in accordance with the use of those goods and services and, also , to examine the manner in which individual marketplaces are organized. This framework gives an outline of the practices that will be adopted in the management of supply chain practices so as to achieve the desired goals of the business. This framework determines the sequence in which low level methodologies such as supplier relationship management and business outsourcing will be applied in order to meet the objective of category management.

Through Category Management supermarkets have 'a structure where team members specialize according to the supply markets with various studies have identified the most applied category management practices in supermarkets include: category planogramming, product assortment, instore/shopper marketing, promotion and

pricing. O'Brien (2012) argues that category management not only brings together the procurement department, but the entire organization which leads to improved supply chain management processes, resources, activities and knowledge for a certain commodity. The current issues in category management include: real customer centricity, true integration, strong category strategies, as well as clean and accurate data, Brown (2011) asserted that CM colludes with other procurement strategies for instance strategic to attain higher efficiencies and savings.

Category management helps in building good communications across the entire value chain. Value Chains are made up of people through communicating the right message to the right people to promote the right results (Allen, 2012). Implementation of category management practices also results into improvement in value in relation to reduction of cost, risk and price, brand/product value, increased innovation, a stronger competitive position and greater effectiveness. It contributes to EBIT (earnings before interest and taxation) and can make a solid contribution to share-holder equity (Adyang, 2012).

1.1.2 Supply Chain Performance

Zhang and Okoroafo (2015) define Supply chain performance as the organizations ability to lower cost of logistics through delivery of the appropriate product at the right place at the right time. According to Vogel (2011), procurement performance is highly influenced by macro factors namely supply chain management and corporate supply chain. It is on this basis that firms have shifted from individual organizational performance to procurement and supply chain performance so as to enhance bottom line performance within the whole chain.

Several measures have been formulated to measure supply chain activities and the determination of the appropriate type of gauge is not easy since focusing on one aspect such as cost reduction may improve cost effectiveness at the expense of the performance of the entire supply chain system (Arrowsmith, 2013). The efficiency and effectiveness of the supply chain performance is measured through basic supply chain performance indicators such as time, quality, flexibility and cost. The supply chain efficiency explains the extent of resource utilization within the organisation. Due to scarcity of resources each individual within the organisation must aim at utilization the resources in the best way possible. The supply link effectiveness explains the ease with which the objectives are attained (Arun & Ozdamar, 2005).

According to Lee and Billington (2012), discrete sites in any Supply Chain fail to increase efficiency and effectiveness if they pursue goals independently. All Supply Chain members should understand the measurements and offer minimum chances for manipulation (Schroeder, Anderson & Cleveland, 2010). In this respect, performance models and studies should be formulated so that business goals and the achievement of these goals can be measured. This will allow for the effectiveness of the techniques or strategies used to be easily accessed.

1.1.3 Supermarkets in Nairobi

Kenya has been ranked as the second largest formalized economy in Africa coming after South Africa by Nielsen which is a New-York stock exchange research firm in a consumer report which studied five countries in the Sub-Saharan Africa. This study indicated that 41% of Kenyan buyers occasionally form retail outlets due to the products offered by retailers which cannot be found in the traditional outlets. There has been a tremendous growth in the retail industry especially with the establishment

of supermarket chains expanding beyond the boundaries of Kenya. There was an improvement in sales in the industry during the review period leading to an increase in the GDP of the economy. The retail stores industry is highly dynamic with supermarkets ranging from partnerships and sole proprietors like Jack n Jill, Ebrahims, Tumaini, EastMatt, and limited liability companies (Tuskys, Nakumatt Holdings, Ukwala and Naivas) and companies owned by the public such as the Uchumi Supermarket Ltd (Wangari, 2012).

Category management practices have not been implemented fully since it is a relatively new concept among Kenyan retailers which have gained momentum over the last five or so years and it is now starting to be seen and felt among retailers as substantial value adding concept with immense contribution to the profitability of the supermarkets (Steidler, 2007). This is largely evident through cost reduction initiatives, supplier management processes, outsourcing and overall business value creation. With this kind of impact, supply chain is being elevated to its rightful place in organizations where head of procurements/ procurement directors have direct reporting lines to chief executive officer (Pfeffer, 2010).

Supply chain operating costs have risen as a result of high operational costs and hence a depressed growth in the sector with the benefits not attained due to analysis and improvements in the process of procurement and appreciating the fact that challenges will always be there. Category management leads to market share growth, improved service delivery, provide invaluable analytics for continuous improvement and improved suppliers and distribution channels (Okwiri, 2015).

1.2 Research Problem

There are numerous benefits and challenges in implementation of category practices which include restructuring of the procurement function, change management, training or hiring staffs that have the right competence for the roles, approach and structure. There is substantial cost to this effort and the category management strategy must pay off this investment (Adyang, 2012). The category management practices implementation strategy formulates innovative activities in order to reduce costs and create more value for the business (Walker & Brammer, 2009). However, supermarkets need to review their performance against plan and more important evaluate the return on investment (ROI) to validate category management viability (Faan, 2012). Supply chains have become more dispersed globally which has led to the introduction of more challenges in maintenance of high level of responsiveness (Green et al., 2011).

Supply chain Category management is a relatively new concept in Kenya and it has been deployed by a few multinational retail firms to ensure commonly used commodities are purchased separately by different consumption unit's but are acquired through a single process able to leverage on its total market expenditure for the applicable category. The resultant benefits are, better value for money through aggregation of demand, standardizing of specification, enhanced supplier relationship, proper & cost effective procurement skill utilization in market watching and analysis (Green, 2011).

Many supermarkets are at crossroads, either to continue doing the transactional sourcing, offer strategic sourcing solution to the business or broaden their approach to include category management. Most supermarkets are now passionate about supply

chains ability to unlock productivity avenues. Few studies have been undertaken on the benefits and challenges of value creating procurement (Lorenzo Formiconi et al., 2011; Derick, 2011). Category management survey by the Haket Group (2011) focused in Europe and transforming procurement and releasing efficiencies through category management at Leicestershire county council (Holbourn, 2010).

Mutinda (2015) conducted a study to find the association between category management and procurement performance among commercial banks in Kenya. The study had three objectives: to determine category management practices implemented by Kenyan commercial banks, to establish the association between category management and procurement performance among the Kenyan commercial banks and to establish the encounters faced in the employment of category management philosophy among commercial banks in Kenya. The research design involved a cross sectional survey of all commercial banks in Kenya. The study established that most of the commercial banks in Kenya have implemented category management for more than five years. It was also evident that a very significant association existed between category management and procurement performance.

These studies have been conducted majorly in Europe; No known study has focused on category management practices and supply chain performance of supermarkets in Nairobi Kenya. The purpose of this study is to fill the knowledge gap through addressing the following questions; what are the category management practices used by supermarkets Nairobi County, Kenya? And what is the relationship between category management practices and supply chain performance of supermarkets in Nairobi County, Kenya?

1.3 Research objectives

- i) To determine the category management practices used by supermarkets in Nairobi, Kenya;
- ii) To establish the relationship between category management practices and supply chain performance of supermarkets in Nairobi, Kenya.

1.4 Value of the Study

Findings from the study will form a foundation for implementing an effective category management practices. The study will offer insight to the supermarkets in Nairobi County, Kenya and other parts of the world that have implemented category management strategy but have not conducted Post Implementation Review, those planning to implement and those who would like to get insight on how category management practices works.

The study's findings will be used by future researchers, students and scholars who may want to undertake studies in the similar or correlated field as reference. The study will also be beneficial to researchers and scholars in the identification of further research areas on other subject matters by highlighting related topics that need further studies and in undertaking a review of the empirical literature to establish the study gaps.

This study will help policy makers to understand how category management practices influence the performance of the supply chain of supermarkets since they will develop mechanisms that can be adopted to improve the performance of supermarkets which will contribute to economic growth and development in Nairobi.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter emphasizes on reviewing the existing and relevant literature on category management practices and their impacts on supply chain performance of supermarkets in Nairobi Kenya. The accessible literature gives the basis of the research and consists of the broad outline of category management practices, supply chain performance and conceptual framework. The section also outlines the conceptual framework that shows the interrelationship between CM practices and supply chain performance.

2.2 Theoretical Literature review

The theoretical framework refers to a structure of concepts that exists (tested) and is a ready-made map for a study. It consists of principles, theories, research findings and generalizations which are related to the study being investigated. This framework outlines how the current research problem evolved (Sarkis, 2011).

2.2.1 The Theory of Competitive Advantage

Competitiveness can be described in three altitudes: corporate, industry and national levels. Theory of national competition was introduced by Porter (1995) grounded on productivity as the capability to exploit economic production per unit of resources. He changed emphasis from national trade balance to factor endowments towards the macro and micro-economic factors distressing productivity as the main factor affecting long-term growth and competitiveness.

Firms develop commercial tactics to attain competitive advantage to beat its competitors (Porter, 1995). To achieve competitive advantage the firms should respond to the five forces which include; rivalry in the existing firms within an

industry ,threat of substitute products and services, bargaining power of buyers and suppliers and threat of new entrants in the market . According to porter (1995) a firm should evaluate the five factors in a given industry and target those points where the forces are weak. A business achieves competitive advantage when its activities in an industry yield economic worth and if limited competing businesses are engaging in related actions Porter (1995).When the right strategies are used it ensures lasting profitability. This theory is helpful in this study since the conditions existing in the market dictate the category management practices to be adopted and as a result influencing the performance of the supply chain function.

2.2.2 Resource - Based theory

This view asserts that continued competitive advantage as well as enhanced performance by a company can be realized through exploitation rare, valuable, non-substitutable and defectively imitable assets (Hart, 1995). A treasured resource or bundle of resources permits a firm to join chances hence decreasing possible environmental threats. A rare resource or bundle of resources is one that is not controlled by various companies. A non-substitutable resource or bundle of assets is one in which an equal resource may not at ease be formed by competing companies. An incorrectly imitable resource or bundle of resources involves one in which its replication is hard or can be done at a very high cost. (Hart, 1995). Daft (2001) lists these resources as the total number of assets, organizational processes, capabilities, firm attributes, information and knowledge among other factors.

Helfat and Peteraf (2003) claimed for vibrant competences, that is, assets may only increase the value of the company should they be applied such that they consider the changing outside business atmosphere (Sirmon, Hitt & Ireland, 2007). Resources are

grouped into two categories, namely as intangible or tangible (Mentzer, Min & Bobbitt, 2004). Knowledge is one recurrently explained intangible resource in the firm's theories (Mentzer et al., 2004). A lot of learning takes place between suppliers and buyers concerning matters such as timely delivery which take place but such knowledge is intensely openly connected to the performance of the supplier and reduction in cost of operation of the supply chain associations (Carter, 2005). This theory is essential for the study since it values the company's procedures, information sharing as well as a close working link as resources applicable for the realization of a strong competitive advantage of the company.

2.3 Category Management Practices

Category management refers to a set of practices and framework used in the management of supply categories so as to meet the goals of the business. This framework stipulates the manner in which lower level methodologies such as supplier relationship management and strategic sourcing helps in attainment of both business objectives and category objectives (Mitchell, 2012). This implies that the procurement department needs to be blended into other company functions to make it more conversant about new consumer preferences which require new routines with regard to purchasing (Axelsson, 2011). The success of category management is based on its five building blocks which are: Planogramming, Product assortment, In store/shopper marketing, Promotion and pricing

Planogramming of products as a category management practice refers to providing convenience to the customer, that is ensuring the right product, where and when needed. Rafiq and Ahmed (2005) claim that planogramming is a form of merchandising and need to be considered in all merchandising systems.

Product assortment practices refers to the different types of products that a business makes or a retailer offers for sale for each given category that consist of the following characteristics; width, depth, length and consistency of a category. The use of product assortment practice to achieve sustainable differentiation is getting more difficult in the current retail environment due to decline in the relevance of location as the internet-based

According to Young (2009), Shopper marketing refers to brand marketing in the retail market. It therefore includes displays, category management, packaging, sales, promotion, marketing and research. Shopper marketing entails understanding the behavior of the firm's target, in different various supply chain channels and the leveraging of this intelligence so that it can benefit the stake-holders defined as consumers, brands, shoppers and retailers in different categories within the supermarkets.

According to Kotler and Armstrong (2001) promotion practices in different categories consists of advertising, sales promotion, personal selling, and public relations. These promotion activities inform retailers about products in a given category within supply chain and persuade the distribution channels. The main objective of promotion in various categories as a practice is to combine the components of promotion into a channel for conveying information to the buyers and other stakeholders who have an influence in purchasing decision of the buyer. The promotion mix must be able to build desire in the prospective customers (Cravens & Piercy, 2003).

Pricing practices is a method adopted by firm to set selling price of products in a given category within supply chain. Pricing allows category formation through products of similar prices placed together (Sollish, 2011). Pricing strategies are ways

in which the pricing objectives of a firm are to be attained. To frame them, supply chain managers should be directed by the external as well as internal environments facing the company so as to make strategic approach when making decisions. Cravens (2003) claims that when coming up with the pricing strategies, a market focused company are expected to consider all the features whenever they are making on its prices as well as on customers' needs and preference.

2.4 Supply Chain Performance

Supply Chain Performance is described as the ability of the supply chain to carry out activities which lead to the attainment of the customer needs such as the availability of products, timely deliveries and the ability to deliver performance. Chavez et al., (2012) asserts that the supply chain performance evaluation system strategically monitors and evaluates the performance of the supply chain. This implies that effective supply chain performance need to be conducted so as to attain effective strategic evaluation of purchase decisions which influences “make – versus- buy” decisions, the type of competitive strategies to adopt and the choice between relational forms of exchange and the market. All these decisions are critical upon the formation of all owner-supplier relationship in the procurement process (Parsons, 2011).

Different literature studies that have been conducted have shown various approaches that can be used to measure the performance of the supply chain. The Supply Chain Operations Reference (SCOR) approach as a model can be used in the measurement of the performance of the supply chain. This model breaks down supply chain activities into five major processes. This involves planning; sourcing; making; delivery and returning. The multiple performance criteria management of

performance used in these processes include responsiveness, flexibility, cost, asset efficiency utilization and reliability. This model applies to all industries since it is generic (Supply-chain Council, 2015). This method is efficient since it is balanced and multidimensional and considers the entire supply chain system. This approach is however limiting since it fails to describe each business activity or process. It also fails to address quality, training, and administration (Sundram et al., 2011).

2.5 Empirical Literature Review

Walker and Brammer (2015) carried a study on sustainable procurement in the United Kingdom. The objectives of the study were to determine the extent of category management implementation in terms of category management maturity; category management importance and percentage of spend covered by category strategies. Content analysis was used in analysis of data collected for the study. The discoveries of the study indicated that banks and financial institutions were among the leaders in the adoption of category management with a performance lying within the 75th percentile in terms of category management capability.

Dupre and Gruen (2004) conducted a study on adoption of category management actions to attain a long term competitive advantage in the United States industry of fast moving consumer goods. Merging the information obtained from a sequence of meetings with industry specialists with their own understandings, it is illustrates how a competitive advantage of a company is achievable, through the use of retailers and suppliers combine views, as well as specialist in category management practices. The research findings revealed that Category management contributes to the attainment of a as a justifiable competitive advantage as a result of enhancement of clientele loyalty, improved allocation of resource as well as distribution, and more effectual

storeroom operations and also inventory management. Category management operates as a mechanism of allocating resources with the significance of a category to the targeted client is the main measure. It commands the kind of categories the retailer need to preview, since a retailer is unable to all people on each one of its 200-300 categories.

Mutinda (2015) undertook a study to determine the association between category management and procurement performance among the Kenyan commercial banks. The study had three objectives: to determine category management practices implemented by the Kenyan commercial banks, to establish the relationship between category management and procurement performance among commercial banks in Kenya and to establish the challenges faced in the implementation of category management philosophy among commercial banks in Kenya. The research design involved a cross sectional survey of all commercial banks in Kenya. A structured questionnaire was used in data collection which was administered through drop and pick later method. Descriptive statistics were used to analyze objective one and objective three whereas correlation and regression analysis was used to analyze the relationship between category management and procurement performance. The study findings were presented in tables and charts. The study established that most of the commercial banks in Kenya have implemented category management for more than five years. It was also evident that there was a very significant association between category management and procurement performance.

Adyang (2012) pursued to create the profits connected with application of a category management approach amongst FMCGs multinationals in Kenya. In this examination, FMCGs multinationals were deliberated since they possess local manufacturing

operations in Kenya and thus their annual Capital and Operating cost expenditure is higher. The objectives of the study were to examine the degree of procurement category management adoption and the difficulties associated with the successful implementation of category management strategy among FMCGs multinationals in Kenya. The study illustrates that all the companies to be studied have practiced category management for the last three to five years. The study conclusion shows that, the main profit is as a result of the category management which has long term cost effective to the organization while category management has got very minimal effect in the application of technology and management information and enhancing the best procurement functioning approach. The main shortcoming in the application of category management practices is inadequate of skilled workers as well as the high implementation cost

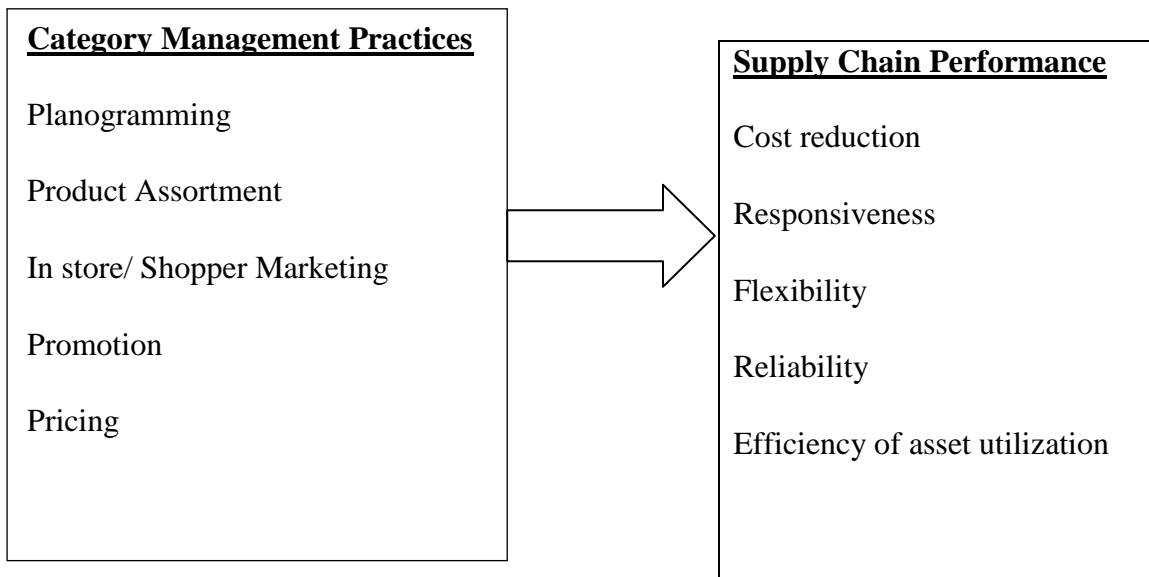
2.6 The Conceptual Framework

The conceptual framework outlined below shows the influence of category management practices on supply chain performance. CM practices are conceptualized in six dimensions: Planogramming, Product Assortment, In store/ Shopper Marketing, Promotion and Pricing

Figure 2.1: Conceptual Model

Independent variables

Dependent variable



Source: Author (2017)

2.7 Hypothesis of the Study

Non-directional null hypothesis will be tested to ensure consistency with the conceptual model and achieve the specific research objectives (Cooper and Schindler, 2008). The following hypothesis will be tested to obtain answers to the research problem:

H₀: Category management practices have no significant influence on the performance of the supply chain of supermarkets in Nairobi County, Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

It contains information about the design of the research, population and sample that was selected for the study. The techniques that were used in data collection and analysis and presentation are highlighted in this chapter.

3.2 Research Design

Descriptive research design was used in this study. A research design is the data collection process which helps in hypothesis testing so as to give answers to questions regarding the subject under study (Mugenda & Mugenda, 2003). The design will be adopted as the researcher has interest in the state of affairs in a particular field and the variables should not be manipulated.

3.3 Target Population

The unit of the study was the supermarkets in Nairobi Kenya. Thus the population of this study was made up of 40 supermarkets in Nairobi (refer to appendix II) for this study, a census was carried out since the population is relatively small.

3.4 Data Collection

The study used primary data which will be collected through semi structured questionnaire. The questions are constructed in order to address particular objectives and offer a variety of possible responses. The questionnaires were directed to the supply chain heads that are well conversant with companies' operations. The questionnaires were administered through a drop and pick later method.

3.5 Data Analysis

Data collected was screened for accuracy, consistency, completeness and uniformity in preparation for analysis. The data was summarized and tabulated using descriptive measures. Factor analysis was used to identify the underlying factors. The resulting factors were used as independent variables and the supply chain performance as the dependent variable.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where;

Y = the dependent variable of each Supply chain performance indicator i.e. Cost reduction, Responsiveness, Flexibility, Reliability and Efficiency of asset utilization

α – This is a constant i.e. it is the Y value when all the variables (X_1 , X_2 , X_3 , X_4 and X_5) equal zero

β_1 , β_2 , β_3 , β_4 and β_5 – Are the regression coefficients constants which represent the condition of the independent variables to the dependent variables.

X_1 – Planogramming, X_2 – Product assortment, X_3 – In store/shopper marketing, X_4 – Promotion, X_5 - Pricing, ϵ (Extraneous) Error term explaining the variability of the factors that are not mentioned.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter comprises the analysis of data, outcomes of the study plus the explanation of the research findings. The research's outcomes will be given form of tables as well as diagrams. To clearly bring out the researchers goal, the data was set in form of ideas that replicate the objectives of the study.

4.2 The Response Rate

The questionnaires administered were 80 in numbers, where 77 of the questionnaires administered were accurately filled and given back. This therefore is equivalent to a total of 96.25 % rate of response, as shown in the Table 4.1. Babbie (2004) declared that when the rate of returns are more than 50% they are satisfactory to examine as well as announce, 60% is good, 70% is very good whereas above 80% is excellent. According to the following declarations from fore mentioned researchers, 96.25% answer rate that was obtained in this study is excellent for the research.

Table 4.1: Survey Response Rate

Response	Frequency	Percent
Returned	77	96.25%
Not returned	3	3.75%
Total	80	100%

Source: Researcher (2017)

4.3 Background Information

The researcher conducted descriptive statistics on the data collected before conducting correlation and regression analysis. The descriptive analysis involved frequency, percentages, means and standard deviations. The statistics were presented in tables and charts.

4.3.1 Professional Experience

The respondents were given an opportunity to air out the level of their experience in the supply chain management, in terms of years. This question was asked to gauge on professional experience that they had in the sector. The results showed that most of the respondents, 45.5% had worked with the sector for a duration of 1-3 years. This category was followed by the category of them that had worked between 4-5 years at 31.2%. Thirdly the category that had worked for duration of 6-10 years stood at a percentage of 15.6%. Finally them that had worked for a duration that is above 10 years came last at a percentage of 7.8%. This sector from this study has therefore been portrayed as one that has employees void of skills which basically are acquired with time. The majority in this sector are new entrants who might not really understand the dynamics of the current category management practices and their impact on performance. These results are as follows;

Table 4.2: Professional Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
1-3 Years	35	45.5	45.5	45.5
4-5 Years	24	31.2	31.2	76.6
6 – 10 Years	12	15.6	15.6	92.2
Above 10 Years	6	7.8	7.8	100.0
Total	77	100.0	100.0	

Source: Researcher (2017)

4.3.2 Category Planogramming Practices

The first category management practice tested under this study was that of planogramming practices. The researcher engaged the respondents via questions whose answers ranged from sometimes through no and finally to yes. In the first

question the respondents were asked whether at the supermarket, they access products at ease without much struggle. Majority of the respondents 44.2% indicated that they access products at ease without much struggle. This was followed by them that said no to this question at 29.9% and finally them that were of the sometimes response at 26%. According to these responses this study concluded that majority of the supermarkets here in Nairobi arrange their products well and therefore are aware of the role played by proper planogramming in enhancing customer satisfaction and smooth running of the entire buying process. These results are represented by the table 4.3 below. Planogramming of products as a category management practice refers to providing convenience to the customer, that is ensuring the right product, where and when needed. Rafiq and Ahmed (2005) claim that planogramming is a form of merchandising and need to be considered in all merchandising systems.

Table 4.3: Ease of Finding Products

	Frequency	Percent	Valid Percent	Cumulative Percent
sometimes	20	26.0	26.0	26.0
No	23	29.9	29.9	55.8
Yes	34	44.2	44.2	100.0
Total	77	100.0	100.0	

Source: Researcher (2017)

Respondents were also tasked by the question of whether they get products shown in this supermarket to be gorgeous as well as engaging. Pertaining this question, majority said that yes they get products shown in the supermarket to be gorgeous as well as engaging as represented by 51.9%. Secondly, them that said that they never found the product displays in the supermarkets attractive and appealing were represented by a percentage of 22.1. Finally them that were of sometimes response

were represented by a percentage of 26%. In regard to these results, the researcher concluded that majority of the supermarkets in Nairobi have their supply chain managers ensure that the supermarket shelves are attractive and appealing. Nevertheless the fact that around 22.1% of the respondents were of an opposing view and again them that were indifferent at 26% still indicate that there is much that ought to be done in promoting attractiveness and appealing shelves in the supermarkets here in Nairobi. The above results are presented by table 4.4 below.

Table 4.4: Product Display Attractiveness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sometimes	20	26.0	26.0	26.0
	No	17	22.1	22.1	48.1
	Yes	40	51.9	51.9	100.0
	Total	77	100.0	100.0	

Source: Researcher (2017)

Finally under the first category management practices, respondents were given a chance to specify whether they are able to move comfortably around the supermarket without hindrances. Majority of them agreed with this statement, 48.1% while 20.8% of the respondents said that they never moved comfortably within the supermarkets. This once again indicated that majority of supermarkets have started realizing on the impact of mobility on the entire purchase by the customers. These results are shown in the table 4.5 below.

Table 4.5 Ease of Movement in the Supermarkets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	16	20.8	20.8	20.8
	No	24	31.2	31.2	51.9
	Yes	37	48.1	48.1	100.0
	Total	77	100.0	100.0	

Source: Researcher (2017)

4.3.3 Product Assortment Practices

The question of whether one finds new products in the supermarket was tested by the researcher. Majority of the respondents, 42.9% agreed with this question whereas 34% did not accept. The least indicated that one would or would fail to find new products in the supermarkets (23.4%). The researcher therefore concluded that the supply chain employees were aware on the impact made by availability of new products in the shelves of their supermarkets. Basically new products will increase on the variety to choose on and therefore lead to more satisfaction by a customer choosing on his favorite. This has the impact of increasing on sales and also on a customer's desire to have a repeated purchase. The researcher nevertheless highlights the big percentage, 33.8% that indicated that the supermarkets had no new goods and advised on the need to adopt this strategy of having a variety due to the aforementioned benefits. These outcome have been illustrated in the below table 4.1.

Table 4.6 New Products in the Supermarket

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	18	23.4	23.4	23.4
	No	26	33.8	33.8	57.1
	Yes	33	42.9	42.9	100.0
	Total	77	100.0	100.0	

Source: Researcher (2017)

Respondents were asked to indicate whether they believed that the supermarkets carry a broad variety of goods to suit the customers' acquisition desires. From the research results, a number of the respondents, equivalent to 45.5% shown that their supermarkets never had the right assortment to satisfy the purchasing needs of the customer.39% indicated that their supermarkets had the right assortment and the least,

15.6% indicated that sometimes their supermarkets would have the right assortment to fulfill the purchasing requirements of the customers. These findings therefore indicated that many of the supermarkets had not fully developed into a one shopping centre as is expected of them. The researcher therefore recommends that the category management supervisors should arise and ensure that all departments are well stocked by ensuring a check on all supplies to the supermarket. Every department to be allocated supply heads to ensure continuous flow of products. This way, customers will be saved the need to keep visiting other places for shopping and consequently boost on his satisfaction. This has an impact on repeated purchase, referrals and the ultimate supermarket performance. These study results are as follows, table 4.7 below.

Table 4.7 A Wide Assortment of Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	12	15.6	15.6	15.6
	No	35	45.5	45.5	61.0
	Yes	30	39.0	39.0	100.0
	Total	77	100.0	100.0	

Source: Researcher (2017)

4.3.4 Category In Store/ Shopper marketing practices

In order to test on shopper marketing practice, a number of questions were asked to the respondents. These questions are listed in the table 4.8 below. The first question was whether one finds staff in the supermarket as when one needs them. 41% which is the majority in this case said that they find them whereas 33.8% said no to this question. Conclusively, these responses indicate that majority of the supermarkets value their customers and therefore they have good customer care attendants. This

therefore meant that the grievance of the customers are always met and therefore increased customer satisfaction which finally translates to improved performance of the supermarkets.

In addition, the respondents were to answer to the question of whether the service staffs in their supermarket had enough products as well as supermarket facts to respond to customers' matters as well as uncertainties. Surprisingly enough, majority, 42.9% indicated that they never thought the supermarkets had sufficient products and supermarket facts to respond to customers' matters as well as uncertainties. 37.7% agreed with this statement while 19.5% thought that at sometimes they would and at times they were not in a position. This study therefore concluded that majority of the supermarkets' employees and especially those in the supply department did not own enough product and firm knowledge. This therefore meant that customers were never fulfilled as they were shopping in these supermarkets. The study recommended that the supermarkets should have seminars and trainings to acquaint their staff on the importance of product knowledge.

Another question that was raised in this study was concerning customer complaint management program in the supermarkets. A bigger number of the respondents, 42.9% indicated that they were content with the program. 37.7% of the respondents shown their views of not being content with the customer complaint program. The researcher therefore concluded that handling of complaints was not yet fully well implemented by many supermarkets though there was an upward uptake of the same. Basically, satisfied customers will make a repeated purchase, bring referrals and therefore it should be at the heart of supermarkets and other business to handle their complaints well. Regarding hygiene and safety standards, 49.4%, representing a

majority indicated that their supermarkets follows and practices these standards. A minority of 24.7% revealed that their supermarkets never follow these standards. Conclusively, majority of supermarkets in Nairobi adhere to hygiene and safety standards. Finally, a question pertaining to whether one receives the service that he deserves while shopping at this supermarket was tested. Majority of the respondents (41.6%) revealed that they would get the services they wanted in the supermarkets whereas a minority of 28.6% indicated otherwise. Therefore the researcher concluded that the supermarkets in Nairobi offered satisfactory services to their customers. These findings are as shown in table 4.8 below.

Table 4.8 Category In store/ Shopper Marketing Practice

Statements	Sometimes	No	yes
Can you find service staff in this supermarket as especially when needed?	24.7%	33.8%	41.6%
Do you think that the service staffs in this supermarket have satisfactory product and supermarket knowledge to answer your questions and queries?	19.5%	37.7%	42.9%
Are you content with the customer grievance management program in this supermarket?	20.8%	45.5%	33.8%
Do you think that this supermarket follows and practices adequate safety and hygiene standards?	26.0%	24.7%	49.4%
Do you obtain the service that you justify while shopping at this supermarket?	29.9%	28.6%	41.6%

Source: Researcher (2017)

4.3.5 Category promotion practices

This study aimed at determining whether supermarkets in Nairobi had adopted promotion as one of the category management practices. This was conducted through a number of questions to the respondents. In the first question, the researcher wanted to identify whether the respondent considered the kind of advertisement conducted by their supermarket for attractiveness and suitability. Majority of them were (44.2%) in agreement with this statement and therefore the conclusion that many of the supermarkets were engaging themselves in right promotion strategies. Nevertheless this percentage is still small and thus there is still room for improvement by the supply chain heads so as to boost on the profits. Proper and successful promotion has the role of attracting new clients, retaining the existing ones and also giving them the vigor to attract referrals.

According to Kotler and Armstrong (2001) promotion practices in different categories consists of publicity, promotion of sales, individual selling, express marketing as well as civic awareness. These promotion activities inform retailers about products in a given category within supply chain and persuade the distribution channels. The main objective of promotion in various categories as a practice is to combine the components of promotion into a channel for conveying information to the buyers and other stakeholders who have an influence in purchasing decision of the buyer. The promotion mix must be able to build desire in the prospective customers (Cravens & Piercy, 2003).

Table 4.9: Category promotion practice

Statements	sometimes	No	yes
Do you think the kind of promotions applied by this supermarket to be suitable?	26.0%	29.9%	44.2%
Do you think the occurrence of promotions by this supermarket to be at a suitable level?	29.9%	31.2%	39.0%
Do you think category promotions by this supermarket to be actual in capturing client courtesy?	32.5%	31.2%	36.4%

Source: Researcher (2017)

4.3.6 Category pricing practices

In this study, the last category practice that the researcher observed was that of pricing. The researcher wanted to determine whether supermarkets in Nairobi had adopted proper pricing as a categorical management practice under supply and also determine the impact it has on the entire supply chain performance. In order to establish this, a number of questions were asked to the respondents. In the first question, the researcher wanted to establish whether customers believed that they were paying more than the product's value when buying at the supermarket. Surprisingly, majority of the respondents (42.9%) were contented with the products prices in the supermarket.

Moreover, the respondents were tasked regarding the total value of their shopping basket and that of individual items. Majority were of the idea that the whole cost of their buying exceeds the cost of single items (46.8%). Consequently, majority of the respondents (42.9) indicated that they believed that their supermarkets provided lowly pricing as oppose to other supermarkets. Finally, majority of the respondents (49.4%)

also revealed a satisfaction with the pricing levels in their supermarkets. From these results, the study concluded that many of the supermarkets in Nairobi have adopted pricing as one of the category management practice. These findings are shown in table 4.10 below.

Pricing allows category formation through products of similar prices placed together (Sollish, 2011). Pricing strategies are ways in which the pricing objectives of a firm that ought to be attained. To originate them, a supply chain manager need to consider both the external and internal environment facing the company, so as to arrive at their desired set of strategies. Base on Cravens (2003) findings, the market oriented companies are expected to consider all the pricing features before they arrive to the decision making platform, with their customers' needs and preference fully met.

Table 4.10 Category Pricing practices

	Sometimes	No	Yes
When buying a product at this supermarket, do you believe that you are paying more than the product's value?	24.7%	42.9%	32.5%
Do you think that the total value of your shopping basket is more than the value of individual items?	31.2%	22.1%	46.8%
Do you think that this supermarket provides lowest pricing when compared to other supermarkets?	22.1%	35.1%	42.9%
Are you satisfied with the pricing levels in this supermarket?	22.1%	28.6%	49.4%

Source: Researcher (2017)

4.3.7 Category Management Practices and Supply Chain Performance

This section aimed at identifying the shock of category management practices on supply chain performance. The indicators that were scrutinized were those of cost reduction, responsiveness, flexibility, service delivery, efficiency of assets utilization and flexibility. Under cost reduction, majority (means=4, standard deviation=1) were in agreement with the fact that category management practices had led to cost reduction. Secondly, majority agreed that utilization of category management practices led to responsiveness in business operations towards meeting the demands of customers. This is supported by a means of 4 and a standard deviation of 1. Thirdly, respondents were to indicate whether category management practices had any impact on flexibility. Majority of them (means=4, standard deviation=1) revealed that category management practices brought about flexibility in the work place.

Category management practices were also seen to boost on service delivery (means=4, standard deviation=1). Regarding efficiency of assets, majority agreed that category management practices improved on it (means=4, standard deviation=1). On average, majority of the respondents were seen to be agreeing with many of these statements as indicated by an overall means of 4 and being supported by a standard deviation of 1. Therefore the study concluded that category management practices led to an increase in cost reduction, responsiveness, flexibility, service delivery, efficiency of assets and flexibility. The findings were in agreement with those of O'Brien (2012) who argued that category management not only brings together the procurement department, but the entire organization which leads to improved supply chain performance processes, resources ,activities and knowledge for a certain commodity.

Implementation of category management practices also results into improvement in value in relation to reduction of cost, risk and price, brand/product value, increased innovation, a stronger competitive position and greater effectiveness. It contributes to EBIT (earnings before interest and taxation) and can form a firm involvement to share-holder equity (Adyang, 2012).

Table 4.11 Category Management Practices and Supply Chain Performance

	Strongly disagree	disagree	Neutral	Agree	strongly agree	Mean	Standard Deviation
Cost reduction	2.6%	15.6%	15.6%	29.9%	36.4%	4	1
Responsiveness	2.6%	13.0%	20.8%	31.2%	32.5%	4	1
Flexibility	7.8%	15.6%	15.6%	36.4%	24.7%	4	1
Service delivery	7.8%	11.7%	22.1%	23.4%	35.1%	4	1
Efficiency of asset utilization	2.6%	16.9%	20.8%	26.0%	33.8%	4	1
Average						4	1

Source: Researcher (2017)

Rate using a scale of 1-5, where: 1 strongly disagree, 2 Disagree, 3 neither agree nor disagree, 4 agree, 5 strongly agree.

4.4 Correlation analysis

The objective on the relationship between category management practices and supply chain performance of supermarkets in Nairobi was analyzed through correlation analysis as indicated on Table 4.12. The results revealed that Planogramming, and supply chain performance were definitely as well as meaningfully related ($r=0.468$, $p=0.000$). The outcomes again indicated that Product assortment and Supply chain performance were definitely as well as meaningfully related ($r=0.426$, $p=0.000$). It was additionally recognized that in store/shopper marketing and Supply chain performance were absolutely as well as considerably related ($r=0.476$, $p=0.000$).

Likewise, the outcomes indicates that Promotion and Supply chain performance were absolutely as well as considerably related ($r=0.415$, $p=0.000$). Finally the study established that there was an optimistic as well as important correlation between pricing and Supply chain performance($r=0.505$, $p=0.000$). This indicates that, if any unit of variable increases there is an increase in the supply chain performance. These outcomes are illustrated in table 4.12 below.

Table 4.12: Correlation Matrix

		Supply chain performance	planogramming	Shopper Marketing	promotion	pricing	Product assortment
supply chain performance	Pearson Correlation	1	.468**	.426**	.476**	.415**	.505**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	77	77	77	77	77	77
Planogramming	Pearson Correlation	.468**	1	.318**	.332**	.061	.180
	Sig. (2-tailed)	.000		.005	.003	.046	.000
	N	77	77	77	77	77	77
Shopper Marketing	Pearson Correlation	.426**	.318**	1	.302**	.280*	.140
	Sig. (2-tailed)	.000	.005		.008	.014	.031
	N	77	77	77	77	77	77
Promotion	Pearson Correlation	.476**	.332**	.302**	1	.497**	.206
	Sig. (2-tailed)	.000	.003	.008		.000	.003
	N	77	77	77	77	77	77
Pricing	Pearson Correlation	.415**	.061	.280*	.497**	1	.425**
	Sig. (2-tailed)	.000	.046	.014	.000		.000
	N	77	77	77	77	77	77
Product assortment	Pearson Correlation	.505**	.180	.140	.206	.425**	1
	Sig. (2-tailed)	.000	.000	.031	.003	.000	
	N	77	77	77	77	77	77

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher (2017)

4.5 Regression Analysis and Hypothesis Testing

The results illustrated in table 4.13 indicate the appropriateness of the model applied, regression model, in illuminating the study observable fact. Planogramming, product assortment, in store/shopper marketing, promotion and pricing were established to be suitable variables in giving illuminations about Supply chain performance. This is supported by coefficient of purpose commonly refers to as the R square of 58.6%. This shows that Planogramming, Product assortment, In store/shopper marketing, Promotion and Pricing which represent category management practices explain 58.6% of the disparities in the dependent variable which is Supply chain performance. These results also imply that the model used to connect the correlation of the variables was adequate.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.766 ^a	.586	.557	.35515

a. Predictors: (Constant), product assortment, planogramming shopper marketing, promotion, pricing

Source: Researcher (2017)

In statistics important testing the p-value shows the rate of the relationship between the independent variable and the dependent variable. If the importance figure is realized to be lower than the critical value similarly called the probability value (p) that is statistically placed at 0.05, then the final remarks will be, the model is important in illuminating the correlation; or else the model would be hold as unimportant.

Table 4.14 present the outcomes of the analysis of the variance (ANOVA). The outcomes show that the general model was statistically important. Additionally, the results means that the independent variables are suitable predictors of supply chain performance. This was seconded by an F statistic of 20.127 and the reported p value (0.000) which was lower than the conventional probability of 0.05 significance level.

Table 4.14: Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	12.693	5	2.539	20.127	.000 ^b
Residual	8.955	71	.126		
Total	21.649	76			

a. Dependent Variable: supply chain performance

b. Predictors: (Constant), product assortment, planogramming, shopper marketing, promotion, pricing

Source: Researcher (2017)

Regression of coefficients outcomes in Table 4.15 below indicates that planogramming and supply chain performance are absolutely as well as considerably related ($r=0.213$, $p=0.000$). An increase in the unit change in planogramming would lead to an increase in supply chain performance by 0.213 units. The results further indicate that in store/shopper marketing and supply chain performance were absolutely and considerably related ($r=0.267$, $p=0.020$). These results imply that an increase in the unit change in in store/shopper marketing would lead to an increase in the supply chain performance by 0.267 units. It was further established that promotion and supply chain performance were definitely as well as meaningfully related ($r=0.332$, $p=0.000$). This meant that a unit change in promotion would lead to 0.332units in supply chain performance. Moreover, pricing and product assortment, and supply chain performance were also absolutely as well as considerably related

($r=0.59$, $p=0.028$ and $r=0.463$, $p=0.000$ respectively). This shows that an increase in the unit change in, pricing and product assortment would lead to an increase in supply chain performance by 0.028 and 0.463 units respectively.

Table 4.15: Regression of Coefficients

Model	Coefficients ^a			T	Sig.
	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.399	.334		4.194	.000
Planogramming	.213	.088	.113	2.042	.000
Shopper-marketing	.267	.112	.199	2.379	.020
Promotion	.332	.078	.375	4.288	.000
Pricing	.059	.093	.057	.635	.028
Product assortment	.463	.087	.442	5.306	.000

a. Dependent Variable: supply chain performance

Source: Researcher (2017)

Thus, the optimal model for the study is;

$$\text{Supply chain performance} = 1.399 + 0.213 \text{ planogramming} + 0.267 \text{ Shopper-marketing} + 0.332 \text{ promotions} + 0.059 \text{ pricing} + 0.463 \text{ Product assortments}$$

4.6 Discussion of Research Findings

This study wanted to find out the category management practices used by supermarkets in Nairobi, Kenya and the study had two main goals. The first goal of the study was to ascertain the category management practices used by Supermarkets in Nairobi, Kenya while the second objective was to find out the correlation involving category management practices and supply chain performance of supermarkets in Nairobi, Kenya. Primary data was collected by aid of questionnaires while descriptive research design was applied to aid analysis. The researcher conducted descriptive

correlation and regression analysis in order to address the research objectives of the study.

The outcomes of the study revealed that Planogramming, and supply chain performance were absolutely significantly related ($r=0.468$, $p=0.000$). The results again shown that Product assortment and Supply chain performance were definitely as well as extensively related ($r=0.426$, $p=0.000$). It was additionally recognized that Instore/shopper marketing and Supply chain performance were definitely as well as expressively related ($r=0.476$, $p=0.000$). Likewise, the outcomes showed that Promotion and Supply chain performance were definitely as well as radically related ($r=0.415$, $p=0.000$). Finally the study established that there was an optimistic as well as important correlation between pricing and Supply chain performance ($r=0.505$, $p=0.000$). This shows that, an increase in any unit of the variables will lead to an increase in supply chain performance.

Planogramming, product assortment, in store/shopper marketing, promotion and pricing were identified to be suitable variables in illuminating Supply chain performance. The same is seconded by coefficient of purpose which also called the R square of 58.6%. This means that Planogramming, Product assortment, In store/shopper marketing, Promotion and Pricing which represent category management practices explain 58.6% of the variations in the dependent variable which is Supply chain performance. These results also imply that the model used to connect the correlation amongst the variables was acceptable.

The outcomes show that the total model was statistically important. In addition, the outcomes show that the independent variables are suitable predictors of supply chain performance. This was upheld by an F statistic of 20.127 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

The findings of this study are in agreement with Mutinda (2015) who carried out a study to establish the relationship between category management and procurement performance among commercial banks in Kenya. The study had three objectives: to determine category management practices implemented by commercial banks in Kenya, to set up the connection between category management and procurement performance among commercial banks in Kenya and to establish the challenges faced in the implementation of category management philosophy among commercial banks in Kenya. The research design involved a cross sectional survey of all commercial banks in Kenya. Data was gathered by use using a questionnaire that was administered through drop and pick later method. Descriptive statistics were used to analyze objective one and objective three whereas correlation and regression analysis was used to analyze the relationship between category management and procurement performance. The study established that most of the commercial banks in Kenya have implemented category management practices for more than five years. It was also evident that there was a very important correlation between category management practices and sc performance.

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter gives a summary of the results, conclusions and recommendations. This is done in accordance to the study's objectives.

5.2 Summary of Findings

The summary of the findings obtained from analysis in accordance with the study's objectives are addressed in this chapter.

5.2.1 Category Management Practices used by Supermarkets in Nairobi, Kenya

The first objective of the study was to find out the category management practices used by Supermarkets in Nairobi, Kenya.

In the first question the respondents were asked whether at the supermarket, they can access the goods they want at ease. Majority of the respondents 44.2% indicated that they access goods at ease with less struggle. This was followed by them that said no to this question at 29.9% and finally them that were of the sometimes response at 26%. According to these responses this study concluded that majority of the supermarkets here in Nairobi arrange their products well and therefore are aware of the role played by proper planogramming in enhancing customer satisfaction and smooth running of the entire buying process. Planogramming of products as a category management practice refers to providing convenience to the customer, that is ensuring the right product, where and when needed. Rafiq and Ahmed (2005) claim that planogramming is a form of merchandising and need to be considered in all merchandising systems. Majority of the respondents (41.6%) revealed that they would get the services they wanted in the supermarkets whereas a minority of 28.6%

indicated otherwise. Therefore the researcher concluded that the supermarkets in Nairobi offered satisfactory services to their customers.

This study also aimed at determining whether supermarkets in Nairobi had adopted promotion as one of the categorical management practices. This was conducted through a number of questions to the respondents. In the first question, the researcher wanted to identify whether the respondent considered the types of promotions undertaken by their supermarket to be appropriate. Majority of them were (44.2%) in agreement with this statement and therefore the conclusion that many of the supermarkets were engaging themselves in right promotion strategies. Nevertheless this percentage is still small and thus there is still room for improvement by the supply chain heads so as to boost on the profits.

In this study, the last category practice that the researcher observed was that of pricing. In order to establish this, a number of questions were asked to the respondents. In the first question, the researcher wanted to establish whether customers believed that they were paying more than the product's value when buying at the supermarket. Surprisingly, majority of the respondents (42.9%) were contented with the products prices in the supermarket. Moreover, the respondents were tasked regarding the total value of their shopping basket and that of individual items. Majority were of the idea that the overall cost of their buying basket exceeds the cost of single items (46.8%). Consequently, majority of the respondents (42.9) indicated that they believed that their supermarkets provided the least pricing if compared with other supermarkets. Finally, majority of the respondents (49.4%) also revealed a satisfaction with the pricing levels in their supermarkets. From these results, the study

concluded that many of the supermarkets in Nairobi have adopted pricing as one of the categorical management practice.

The indicators that were scrutinized to measure category management practices were those of cost reduction, responsiveness, flexibility, service delivery, efficiency of assets and flexibility. Under cost reduction, majority 66.3%, (29.9%+36.4) were in agreement with the fact that category management practices had led to cost reduction. Secondly, majority agreed that utilization of category management practices led to responsiveness in business operations towards meeting the demands of customers. This is supported by a means of 4 and a standard deviation of 1. Thirdly, respondents were to indicate whether category management practices had any impact on flexibility. Majority of them (means=4, standard deviation=1) revealed that category management practices brought about flexibility in the work place. Category management practices were also seen to boost on service delivery (means=4, standard deviation=1). Regarding efficiency of assets, majority agreed that category management practices improved on it (means=4, standard deviation=1). On average, majority of the respondents were seen to be ageing with many of these statements as indicated by an overall means of 4 and being supported by a standard deviation of 1. Therefore the study concluded that category management practices led to an increase in cost reduction, responsiveness, flexibility, service delivery, efficiency of assets and flexibility. The findings were in agreement with those of O'Brien (2012) who argued that category management not only brings together the procurement department, but the entire organization which leads to improved supply chain performance processes, resources ,activities and knowledge for a certain commodity.

5.2.2 Establishing the Relationship between Category Management Practices and Supply Chain Performance of Supermarkets in Nairobi, Kenya

Planogramming, product assortment, in store/shopper marketing, promotion and pricing were found to be adequate variables in describing Supply chain performance. This is justified by coefficient of determination R square of 58.6%. This implies that Planogramming, Product assortment, In store/shopper marketing, Promotion and Pricing which represent category management practices explain 58.6% of the variations in the dependent variable which is Supply chain performance. These results also imply that the model applied to link the association of the variables was satisfactory. The model thus shows that the overall model was statistically important. The results also indicate that the supply chain performance can be adequately explained by the independent variables. This was indicated by an F statistic of 20.127 at a p value of (0.000) which was less than 0.05.

5.3 Conclusions

According to the outcomes the study concluded, that majority of the supermarkets in Nairobi have adopted category management practices (Planogramming, product assortment, in store/shopper marketing, promotion and pricing in their supply chain.

Based on the findings above the study concluded that planogramming, product assortment, in store/shopper marketing, promotion and pricing have a positive and a significant effect on supply chain performance of supermarkets in Nairobi.

The study also concluded that utilization of category management practices led to responsiveness and efficiency in supply chain performance towards meeting the demands of customers. In addition, the study concluded that handling of complaints was not yet fully well implemented by many supermarkets though there was an

upward uptake for the same. Moreover, the study concluded that though supermarkets in Nairobi have adopted promotion in their supply chain, this percentage is still small and thus there is still room for improvement by the supply chain heads so as to boost on their profits. Proper and successful promotion has the role of attracting new clients, retaining the existing ones and also giving them the vigor to attract referrals.

5.4 Recommendations

The study recommends that organizational employees especially from the supply chain performance should be trained further on the various aspects of category management practices and the need for the same towards boosting overall supermarket SC performance. In addition, senior managers and supervisors of various supermarkets should nominate individuals to spearhead these trainings. The study recommended that the supermarkets should have seminars and trainings to acquaint their staff on the importance of product knowledge so as to help improve the performance of the supply chain. The supermarkets should therefore invest resources on training of employees so as to boost their SC performance through category management practices.

There should be proper recruitment in the supply chain department. The study therefore recommends that a cost effective recruitment process should entice qualified applicants and avail adequate information for unqualified persons to quit. The applicants should also have adequate information regarding the required qualifications for the job before seeking recruitment. In addition human resource should clearly define the job description and job specifications in the recruitment process.

The study further recommends that management, policy makers and investors either existing or intending to venture in the area of supermarkets should acquaint

themselves with category management knowledge if they are to improve their supply chain performance. This study found that category management practices account for more than half of changes in supply chain performance and therefore any serious investor in the area of supermarkets in Kenya should be concerned if category management practices are not implemented.

5.5 Limitations of the Study

The findings of the study were applicable to the supermarkets setting, specifically those in Nairobi Kenya only. The findings cannot therefore be used for other supermarkets in other counties in Kenya. Financial challenges were also experienced in this study thus most of the category management practices applied by supermarkets in Nairobi were not examined. Similarly, there was constrained time resource. Some of the respondents has very tight working schedules and were therefore not available for the interview. However, the researcher tried as much as possible and got above 90% response rate which was considered an adequate representative sample of the target population.

5.6 Suggestions for Further Research

The study sought to determine the category management practices used by supermarkets in Nairobi, Kenya. This study, therefore, focused on supermarkets operating in Nairobi County only, thus area for further studies could consider supermarkets from other Counties for the purpose of making a comparison of the findings with those of the current study. In addition, future studies should consider other category management strategies with an aim of establishing factors that affect the adoption of a given strategy in a given industry. This therefore means that a different industry apart from supermarkets should be considered in future studies.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire has been designed to collect information on category management practices and supply chain performance of supermarkets in Nairobi, Kenya. Please read carefully and answer the questions as honestly as possible. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence.

Instructions

1. Tick appropriately in the box or fill in the space provided.
2. Feel free to give further relevant information to the research.

PART A: BIOGRAPHIC INFORMATION

Name of supermarket

.....

Respondent's Professional Experience in supply chain performance (Tick one)

1-3 Years () 4- 5 Years () 6 – 10 Years () Above 10 Years ()

PART B: ARE THE FOLLOWING CATEGORY MANAGEMENT PRACTICES IMPLEMENTED IN YOUR SUPERMARKET

Category planogramming practice

At this supermarket, do you find products easily without lot of searching?

Sometimes No Yes

Do you find the product displays in this supermarket to be attractive and appealing?

Sometimes No Yes

Are you able to move comfortably around this supermarket without hindrances?

Sometimes No Yes

Category product assortment practice

Do you often find new products in this supermarket?

Sometimes No Yes

Do you believe that this supermarket carries a wide assortment of products to satisfy your purchasing needs?

Sometimes No Yes

Category In store/ Shopper marketing practice

Do you find service staff in this supermarket as and when one is needed?

Sometimes No Yes

Do you think that the service staffs in this supermarket have adequate product and supermarket knowledge to answer your questions and queries?

Sometimes No Yes

Are you content with the customer complaint management program in this supermarket?

Sometimes No Yes

Do you think that this supermarket follows and practices adequate safety and hygiene standards?

Sometimes No Yes

Do you receive the service that you deserve while shopping at this supermarket?

Sometimes No Yes

Category promotion practice

Do you consider the types of promotions undertaken by this supermarket to be appropriate?

Sometimes No Yes

Do you consider the frequency of promotions by this supermarket to be at an adequate level?

Sometimes No Yes

Do you consider category promotions by this supermarket to be effective in capturing customer attention?

Sometimes No Yes

Category pricing practice

When buying a product at this supermarket, do you believe that you are paying more than the product's value?

Sometimes No Yes

Do you think that the total value of your shopping basket is more than the value of individual items?

Sometimes No Yes

Do you think that this supermarket provides lowest pricing when compared to other supermarkets?

Sometimes No Yes

Are you satisfied with the pricing levels in this supermarket?

Sometimes No Yes

PART C: CATEGORY MANAGEMENT PRACTICES AND SUPPLY CHAIN PERFORMANCE

a) Below are some SC performance indicators, indicate using a tick (✓) to what extent do you agree that category management practices has influenced the supply chain performance of the supermarket. Rate using a scale of 1-5, where: 1 strongly disagree, 2 Disagree, 3 neither agree nor disagree, 4 agree, 5 strongly agree

Performance Indicator	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
	5	4	3	2	1

Cost reduction					
Responsiveness					
Flexibility					
Service delivery					
Efficiency of asset utilization					

b) In your own opinion how would you rate the supply chain performance indicators below before and after implementing some category management practices of the firm?

Performance Indicator	Greatly improved	Improved	Constant	Reduced	Greatly reduced
	5	4	3	2	1
Cost reduction					
Responsiveness					
Flexibility					
Service delivery					
Efficiency of asset utilization					

c) Based on your experience, would you recommend category management practices to other companies who have not implemented this strategy? If yes briefly explain.

.....

Thank you for your co-operation

APPENDIX II: LIST OF SUPERMARKETS IN NAIROBI

- | | |
|--|---|
| 1. Armed Forces Canteen Organization | 22. Naivas supermarket |
| 2. Builders supermarket | 23. Nova supermarket |
| 3. Buruburu mini-supermarket | 24. Umoja Mini Market |
| 4. Cash & Carry supermarket | 25. Uthiru Wayside Supermarket |
| 5. Chandarana supermarket | 26. Valley Vegetable Market |
| 6. Cleanway supermarket | 27. Vantage Supermarket Ltd |
| 7. Continental supermarket | 28. Venture Investments Co Ltd |
| 8. Deepak cash & carry supermarket | 29. Vilie's Shopping Ltd |
| 9. Eastmatt supermarket | 30. Viraha Enterprises Ltd |
| 10. Ebrahim & company supermarket | 31. Waithaka Green Supplies |
| 11. Fairdeal shop & save supermarket | 32. Wamason Supermarket Ltd |
| 12. Jack & Jill supermarket | 33. Wananchi Supermarket |
| 13. Karen supermarket | 34. Weaver Bird Provision |
| 14. Mesora supermarket | 35. Westlands Green Grocers |
| 15. Metro cash & carry (K) supermarket | 36. Whitestar Supermarket |
| 16. Muthaiga Minimarket | 37. Woolmatt Ltd |
| 17. Clean shelf supermarket | 38. Yetu Supermarkets & Distributors |
| 18. Nakumatt Holdings Ltd | 39. Yummy Veg & Fruits Ltd |
| 19. Tuskys supermarket | 40. Zucchini Green Grocers Ltd |
| 20. Ukwala supermarket | Source: Nairobi Supermarket Directory
(2016) |
| 21. Uchumi supermarket | |