

**MARKETING CAPABILITIES AND INCLUSION OF BAKERY
SUPPLIERS IN SUPERMARKETS: A CASE OF NAIROBI
METROPOLITAN**

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Master of Arts in Development Studies, University of Nairobi.**

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DECLARATION

This research project is my own original work and has not been presented to any university for examination.

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DEDICATION

I dedicate this work to my loving mum Eunice Nyumba, my sister Keziah Ngwono, my aunties, Caren, Pam, and Gladys for your unwavering encouragement, love and support.

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LIST OF ACRONYMS

CRM	Customer Relationship Management
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
NCC	Nairobi County Council
SMEs	Small and Medium Enterprises

ABSTRACT

Past studies have recognized that as the number of supermarkets in Africa is growing, supplier access to supermarket is becoming difficult as the suppliers are required to meet certain specific standards in order to access supermarkets. Therefore supermarkets have certain specified criteria which the suppliers are required to meet in order to supply their goods to supermarkets. This study investigated marketing capabilities which enable suppliers' to access supermarkets. The marketing capabilities the study sought to investigate are: Customer Relationship Management, Packaging, and Market sensing and Networking. A supplier's capability determines his access to the market provided by supermarkets. This is as a result of the standards set by supermarkets. Therefore it is easier for suppliers to access other retailers rather than supermarkets. Owing to this, a competitive environment has been created among suppliers. Therefore this study sought to examine the how marketing capabilities influence suppliers access to supermarket.

Using a mixed methods approach the study examined the role of marketing capability on access to supermarkets by suppliers' in Nairobi metropolitan with a special focus on bakery suppliers. The study has established that marketing capabilities play a critical role in a supplier's access to supermarkets, the more superior marketing capabilities of a supplier; the easier it is for a supplier to access supermarkets. CRM as a marketing capability not only aids suppliers to access supermarkets but also ensures that they continue supplying supermarkets, the size of the shelf space allocated to suppliers depends on the speed at which their goods move, the price margin of their goods and payment of the shelf space by the supplier.

The study shows that the most important criteria supermarkets use to select suppliers are product quality, return policy, product reliability and legal certification. The study further established variations in the way the supermarkets viewed reliability of the supplier and product promotion as criteria for selection of cake suppliers. The big supermarkets did not put so much emphasis on the reliability of the supplier as they assumed that in regards to power relations, the suppliers need the supermarkets more than the supermarket need them therefore they would definitely do whatever they could to ensure that they are reliable. On the other hand the medium supermarket is so strict on reliability. In regards to product promotion, two supermarkets, (one big, one medium) selected suppliers on the basis of product promotion on the other hand for the other big supermarket product promotion was not important.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Kenya's manufacturing sector contributes greatly to its economy. Evidence is found in the 2016 economic survey which states that the manufacturing sector has formally employed two hundred and ninety five thousand people (KNBS, 2015, 2016). The manufacturing sector's contribution to GDP grew to 10.3% in 2015 from 10.0% in 2014 (KNBS, 2015, 2016). Inasmuch as there is an increase in contribution of manufacturing to Kenya's GDP, this contribution is still low and Kenya's Vision 2030 aims at registering an annual increase of 10% per annum in contribution of manufacturing to GDP.

The growth of the manufacturing sector has been on an increasing trend, in 2015, the sector registered a growth of 3.5% while in 2014 3.2% growth was registered (KNBS, 2016). There has been an increase in the manufacture of bakery products since 2013; the registered growth in 2013, 2014 and 2015 was at 3.8%, 6.1% and 7.2% respectively (KNBS 2013, 2014, 2015). Therefore this study is important as it will shed more light into how firms carry out their business and bring out ways in which more improvement can be achieved.

The manufacturing sector has not realised its full potential, in the period 2016 and 2017 the manufacturing sector remained stifled due to underperformance of other sectors like agriculture and electricity which provide vital inputs for the manufacturing sector (KNBS, 2015, 2016). Decelerated growth in manufacturing between 2015 and 2016 had an implication on labour as layoffs were also recorded in that period (KNBS, 2015, 2016).

Manufacturers in the food processing industries rely on independent retailers, wholesalers, exporters, direct customers and supermarkets who buy food products from food processing industries. The food processing industries prefer dealing with supermarkets as the numbers of supermarkets in developing countries including Kenya continue to increase. Previous literature has termed the spread of supermarkets a development issue; for instance, Trail (2016) views the spread of supermarkets as an opportunity for farmers, food business men, food processors and other retailers. Kirsten & Emongor (2009) also link the spread of supermarket to development; they argue that supermarkets provide crucial markets to food processors and farmers.

One of the channels suppliers of processed food use to access the market are supermarkets. Supermarkets provide a wide and ready market for processed food, however not all suppliers get shelf space in supermarkets. This study has four objectives; two of the objectives explain why some suppliers access and others do not access supermarkets. These objectives are: to determine the stated criteria used by supermarkets in selection of bakery suppliers and to find out how marketing capabilities influence inclusion of bakery suppliers into supermarkets. Since supermarkets deal with many food suppliers this study limited the scope to bakery suppliers and in particular suppliers of cake reason being that the bakery industry is diversified. The bakery suppliers supply supermarkets with varied product which include bread, biscuits, cookies, and mandazis though bread is the most popular bakery product in Kenya (Euromonitor, 2014).

A reconnaissance of bakeries in Nairobi shows that majority of bakeries make cakes. Euromonitor (2014) observes that mostly Kenya's have bread for breakfast. On the other hand, cakes are not only used in households but also for celebrations like weddings, birthdays and graduations. Bakeries are dependent on marketing capabilities which serve as important components in the process of improving performance. Further to this marketing capability allows firms to interact with customers leading them to benefit from market intelligence and customer feedback (Genc, Ozbag & Esen 2013).

Supermarkets are increasingly changing the way they make purchases of the goods they sell. According to Reardon & Neven (2004) these changes involve: giving regard to private standards for the goods, having a centre where all the purchases of a supermarket chains are bought in every region, preference of certain suppliers to others and preference towards specialized wholesalers and logistic firms.

Though all these changes have taken place, in this study, prominence given to preference of certain suppliers to others and the rise of private standards. Supermarkets seem to have suppliers they prefer to do business with; subsequently it is important for suppliers to align themselves with supermarket preferences in order for them to supply supermarkets. Therefore for suppliers to be able to supply supermarkets it will be important for them to find out what criteria supermarkets use to select suppliers. What are the capabilities do suppliers need to have in order for them to supply supermarkets?

1.2 Problem Statement

Suppliers regard supermarkets as important partners whom they use to get their products to consumers (Nair, 2017). The number of supermarkets in developing world countries is growing (Reardon & Neven 2004, Nair 2017). This presents a greater opportunity for food suppliers to not only access markets but larger markets (Nair, 2017). Though supermarkets provide larger and ready markets for suppliers, the suppliers have to comply with the standards set by supermarkets. Supermarkets have criteria which they use for selection of suppliers. These criteria involve: legal certification, acceptance of trade credit, quality, consumer feedback, packaging, well promoted products and price (Nandonde & Kuada 2016). Therefore inasmuch as supermarkets provide markets which are readily available, accessing supermarkets is not easy as there are no specific criteria laid out by supermarkets. Therefore this study seeks to find out the specific criteria supermarkets use to select suppliers and establish the relationship between marketing capabilities and inclusion of suppliers into supermarkets.

Nair (2017) argues that a supplier's capability determines his access to the market provided by supermarkets. This is as a result of the standards set by supermarkets as mentioned above. Therefore it is easier for suppliers to access other retailers rather than supermarkets. Owing to this, a competitive environment has been created among suppliers. Increasing competitive nature of businesses especially small and medium enterprises (SMEs) improves their competitive position and as a result this leads to development of the economies of nations involved (O'Cass & Sok (2014); Wolf, Kaudela-Baum & Meisser (2012); Barbero, Casillas & Feldman (2011) and West, Bamford & Marsden (2008). The business environment is competitive and there is a need to understand how some SMEs operate in competitive business and still achieve growth and others don't. It is therefore important to understand how those SMEs that succeed withstand the competitive business environment (O'Cass and Sok, 2014).

The growth of an SME operating in a competitive environment highly depends on its ability to innovate and market its products Wolf et al. (2012), O'Cass and Sok (2014). However this study is going to focus on the marketing capability and not the innovation aspect of SMEs. This will entail the marketing capabilities of bakeries with the aim of accessing supermarkets.

This study will focus on marketing capabilities which are external capabilities that link a firm with the market (Genc, Ozbag & Esen 2013). This capability is therefore, critical in enhancing suppliers' access to local retailers than supermarkets. Marketing capabilities are critical in identifying and selecting clientele. Additionally, marketing capabilities serve as a tool for suppliers to gather information that aids in decision making on prices and investments (Korhonen & Niemela, 2005). Previous studies do not link supplier marketing capabilities to access to supermarkets; therefore this will be amongst the first studies to do so.

The access of small, medium and large bakeries to supermarkets has been threatened by the rise of in-store bakeries Sserunjogi (2013); Food Processing Staff, (2014). Supermarket in-store bakeries are regarded as more competitive than other bakery suppliers, this is due to the fact that it is assumed by consumers that supermarkets comply with the health security measures put across by the government, their prices are fair, the quality of their product is good and that they provide a one stop shop shopping experience to all customers. (Food processing Staff, 2014).

After having reviewed literature in chapter two of this study close studies that have been conducted for instance Nandonde & Kuada (2016) and Emorgor & Kirsten (2009) it is evident that there is still a gap in literature. Emongor & Kirsten (2009) only put emphasis on small holder suppliers and the challenges they face in accessing supermarkets. On the other hand Nandonde & Kuada (2016) in their investigation on the criteria used by supermarkets to select suppliers only collected data from supermarkets and not their suppliers. Therefore, this study aims at filling the gaps that have been highlighted above and also provide new insight relating to marketing capabilities of suppliers of bakery products and their access to supermarkets.

1.3 Research Questions

1.3.1 Overall Research Questions

How do marketing capabilities of bakery suppliers influence inclusion of their products in supermarkets?

1.3.2 Specific Research Questions

- i. What are the stated criteria supermarkets use to select bakery suppliers?
- ii. What are the characteristics of bakeries supplying to supermarkets?

- iii. What are the marketing capabilities of bakeries supplying to supermarkets?
- iv. How do marketing capabilities of bakery suppliers influence their inclusion in supermarkets?

1.4 Objectives of the study

The overall objective of this study is to examine how marketing capabilities of bakery suppliers influence their inclusion into supermarket supply chain.

Specific objectives of the study

- i. To determine the stated criteria used by supermarkets to select bakery suppliers.
- ii. To examine the characteristics of the bakery suppliers found in supermarkets.
- iii. To identify the marketing capabilities of bakery suppliers.
- iv. To find out how marketing capabilities of suppliers influence their inclusion into supermarkets.

1.5 Justification for the study

This study adds to the existing knowledge on the relationship between supermarkets and suppliers since it unravels previously unexplored issues of procurement systems; the potential markets created by supermarkets for food suppliers and the challenges faced by suppliers in their dealings with supermarkets.

Previous studies have shown that suppliers have difficulty accessing supermarkets; therefore it will be crucial to find out how those who access supermarkets do it. It will be important to find out what are the marketing capabilities they use in getting their products on supermarket shelves?

1.6 Scope and Limitations of the study

This study focuses on few selected supermarkets located in Nairobi Metropolitan and few bakeries located in Nairobi and supply these selected supermarkets. Many bakery suppliers did not want to participate in the study due to the fact that the study involved questions around their marketing capabilities which to them was private. They were not comfortable sharing such information as they didn't want their competitors to learn how they access supermarkets.

This study also took place when major changes were taking place in supermarkets, for instance Nakumatt which had been the largest leading supermarket was collapsing and most of their stores being shut down, Carrefour (a French supermarket franchise) was and still is opening up stores in Kenya, Choppies (a Botswana multinational retailer) was taking over Ukwala supermarkets. Therefore, the findings of this study should not be generalized to all bakery suppliers and all supermarkets in Kenya.

The next chapter reviews literature related to the objectives of the study. From the literature the study identifies trends and gaps that need to be noted and filled respectively.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This study provides a review of literature that is closely related and suitable to marketing capabilities and inclusion of suppliers into supermarkets. The literature is arranged in the following order, theoretical literature in which I discuss the Resource Based view of the firm and Theory of Competitive Advantage then empirical literature which comprises studies on :1) Criteria used by supermarkets to select suppliers, 2) Marketing capabilities of bakery suppliers and 3) The influence of marketing capabilities on inclusion of suppliers into supermarkets.

2.2 Theoretical Literature

This study employs two theories which are: the Resource Based View of the firm and the theory of Competitive Advantage to highlight how resources provide competitive advantage for firms. This study takes the assumption that capabilities are one of the resources of these firms. This study is going to interrogate the importance of marketing capabilities in determining bakery access to supermarkets. Therefore the theory of competitive advantage will be of importance as it sheds light on how firms should operate in a competitive environment.

Resource Based View of the Firm

The resource base perspective highlights conditions that make a firm enjoy and sustain competitive advantage over other firms engaging in the same business (Wernerfelt, 1984). Proponents opine that firms have resources and capabilities that not only occur differently but also vary in degree from one firm to the other. However, this study focuses on capabilities of firms alone. Amit and Shoemaker (1993) define capabilities as “a firm’s ability to deploy resources which are productive factors that a firm uses to achieve its objectives.” Therefore, for a firm to have and benefit from competitive advantage, it must have superior capabilities. The subject competitive advantage is crucial to this study and it mainly originates from the standards set by supermarkets to suppliers. Suppliers compete to gain a competitive advantage over other suppliers in order to gain access to supermarkets. As mentioned earlier the standards set by supermarkets have made it harder for suppliers to access supermarkets.

The RBV perspective states that imperfect imitability and imperfect mobility are critical preconditions for capabilities to influence continued competitive advantage (Peteraf, 1993). Imperfect mobility however, arises when there is difficulty in trading some capabilities. Difficulty arises from intricate relations between a number of resources. Therefore, imperfect mobility relates to capabilities and are both firm specific in nature. Examples include firm specific knowledge which is possessed by buyers, sellers and worker's capabilities (Prescott and Visscher, 1980). Contrary to this, imperfect imitability is a situation where other firms are incapacitated and cannot imitate a firm's unique capabilities. The capabilities which remain highly complex and naturally firm specific, have high possibilities of being imperfectly imitable and imperfectly mobile. This is of importance to this study as the study aims at identifying the marketing capabilities which are unique to the bakeries which have accessed the supermarkets. Therefore in connection to imperfect imitability and imperfect mobility it will be important to find out whether the capabilities of the bakeries which have accessed supermarkets are imperfectly mobile and imperfectly imitable.

According to previous literature key marketing capabilities are not only a conduit firms use to achieve innovation but also competitive advantage (Weerawardena, 2003; Weerawardena & O'Cass, 2004). According to Morgan, Slotegraaf and Vorhies (2009) marketing capabilities are resources and "integrative processes whereby the collective knowledge, skills, and resources of a firm are applied to take care of the market-related needs of the business". Marketing capabilities create room for value addition to goods and services enables the business to sense and take advantage of existing opportunities, adapt to changing market conditions and gain a competitive edge over other related businesses (Day, 1994). In this study emphasis will be laid on the relationship between marketing capabilities and competitive advantage as the study takes an assumption that bakeries with superior marketing capabilities will be able to access supermarkets.

The RBV of the firm therefore, identifies and highlights a firm's resources as central determinants towards achieving performance and competitive advantage. RBV also analyses sources of competitive advantage and it assumes that firms vary according to the collection of resources the firms are in charge of. Secondly it also assumes that the uniqueness and difference in resources lasts for a particular period of time as resources for carrying out functions of firms remain imperfectly immobile. Such resources are considered flawlessly

movable and cannot also be traded in the influential markets (Barney, 1991; Peteraf & Barney, 2003).

The uniqueness of resources remains an important factor that enhances the competitive advantage of firms as it provides an unequal playing field for firms. An argument arises in this case “if all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market” (Cool, Almeida Costa & Dierickx, 2002).

Theory of Competitive Advantage

According to Michael Porter (1990) an industry's appeal is determined by five forces which are competitive in nature, these forces are as follows: threats posed by potential competitors, threat emanating from substitute products, bargaining power of suppliers, bargaining power of buyers and force of rivalry among existing firms.

The theory of competitive advantage starts looking at individual industries how these industries transition to national economies and stresses the need to understand how individual firms in industries create competitive advantage. The five forces framework by Porter not only shapes the competitive structure of an industry but also determines level of profitability of the firms in an industry.

The theory of competitive advantage discusses threat of entry of new firms into the industry and suggests that lucrative industries appeal to new industry entrants especially if the entry barrier is low, this in turn poses a threat to firms which already exist in the industry. With regards to high intensity of competition rivalry, the theory of competitive advantage posits that firms use tactics such as aggressive pricing and aiming at each other's markets in order to achieve a competitive edge, in the long run these tactics put pressure on the firms and hinder their profitability.

The theory of competitive advantage posits that information is a key factor in achievement of competitive advantage. Therefore in order to maintain a competitive edge over other firms, a firm should have the required information which can come from, research and development and market research through customer feedback. This study highlights how bakeries that engage in research and development and solicit customer feedback gain access to supermarkets.

This study focuses in marketing capabilities of bakeries and their inclusion in supermarkets, therefore this theory is important to this study as it shows that indeed firms exists in a competitive environment and for them to be profitable they have to be competitive and attain a competitive edge over the rest of the firms. In the same vein, this study shows that bakeries which access supermarkets have to acquire information and superior marketing capabilities which in turn make them attain a competitive edge.

2.3 Empirical Literature Review

Criteria used by Supermarkets to Select Suppliers

It is important for suppliers to be aware of the criteria used by supermarkets to select suppliers. This information is critical as it sheds light on matters regarding supplier selection and from it we get to know why some suppliers are selected by supermarkets while others are not. It is important for suppliers to access supermarkets since supermarkets provide a ready market for their goods and for this reason the goods are sold faster. The literature review on criteria is based on the criteria employed by supermarkets in the process of selecting suppliers of processed food, fresh fruits and vegetables, criteria used by SMEs in selecting suppliers of processed foods and criteria used by craft retailers to select suppliers.

What constitutes criteria used to select suppliers?

The literature that exists on criteria used by supermarkets to select supplier's as summarized in table 2.1 suggests that the criteria used includes: well promoted products, return policy, price, quality, packaging, consumer feedback, legal certification, reliability and acceptance of trade credit (Nandonde & Kuada, 2016), logistical service, production capacity, admission fee, discounts by suppliers, trading corporation agreements, price, product quality, and product promotion (Abbad & Pache, 2013), cost, quality and service offered by suppliers (Ramlan, Bakar, Mahmud & Keng, 2016), price, quality, product consistency and legal certification (Lin & Wu 2011) quality, reliability, return policy, complaints handling, service offered by suppliers, legal certification, price and ability to supply products (Hansen, 2001). It is important to note that although the data in these studies was collected from different countries, all studies found that quality is a criterion used to select suppliers. Reliability, return policy, consumer feedback, service offered, legal certification and product promotion were other criteria that appeared in at least two of the studies. This study is going to borrow from literature and interrogate criteria used by supermarkets to select suppliers on the basis of quality, reliability, return policy, consumer feedback, product promotion and legal certification. It is crucial to note that after supermarkets have selected suppliers, they allocate

shelf space to the different products of the suppliers. The shelf space normally varies in size depending on the movement of products. Next I discuss each of the criteria used to select suppliers as stated by previous studies in the following order: quality, reliability, customer feedback, return policy, product promotion and legal certification.

Quality

Evidence from literature shows that previous studies operationalized quality as the absence of any defects in raw materials used to process food. The assurance of lack of defects was done through subjecting the raw materials to an examination which is meant to identify any defects (Lin & Wu (2011): Nandonde & Kuada (2016), Ramlan, et al., (2016).

From the literature reviewed, product quality proved to be the most important criterion used to select suppliers. Previous studies indicate that customers prefer good quality products (Lin and Wu 2011: Nandonde & Kuada 2016). They further note that the higher the quality of goods one has the higher the margin of sales the supermarket is likely to experience. Therefore we can make an assumption that having high quality products increases a supplier's access to supermarkets. From literature quality of products was measured using variables like for instance; (Lin & Wu 2011) measured quality using: the appearance, colour, damage rate, shrinkage rate and smell. On the other hand to understand quality, Nandonde & Kuada (2016), looked at the taste of the food product, the packaging, the flavour added to the food, colour and the odour.

Quality is also viewed as a marketing criteria, Abbad & Pache (2013) categorized criteria used to select suppliers into two; marketing criteria and logistical criteria, however the category this study lays emphasis on is the marketing criteria since one of the objectives of this study is to identify how marketing capabilities of suppliers influence their inclusion in supermarkets. Therefore by knowing the marketing criteria used by supermarkets, suppliers will work towards building the marketing capabilities required by supermarkets.

Reliability

Literature reviewed looks at reliability from two dimensions: reliability of the product itself and reliability of the suppliers. Lin & Wu (2011) found out that reliability of the product is an important criteria used by supermarkets when selecting food suppliers. They understood reliability as consistency of the product. This meant that the product had to be consistently fresh in order to be considered reliable. On the other hand, Nandonde & Kuada (2016)

studied reliability of suppliers in terms of the delivery of the goods. Those suppliers who were identified as reliable are the ones who delivered their goods within the agreed lead time. All supermarkets consider a reputation for product availability as a key strategy that enables them to avoid shortages and running out of stock. It also ensures that they have a variety of products since lack of variety has a negative effect on the retail shop as it causes customer dissatisfaction and customers opt for alternative sources of supply (Matsa, 2011). This study looks at reliability in terms of delivery of goods within the required lead time. Product consistency will be treated as part of product quality since delivering the same version of the product that meet the supermarkets set standards denotes producing a product with the same required quality.

Customer Feedback

Customer feedback informs supermarket's buying decision when it comes to selection of suppliers (Nadonde & Kuada, 2016). Through customer feedback, the supermarkets are able to decide which product to stock, restock and stop stocking. Insight provided by customer feedback enhances customer satisfaction as retailers are then able to satisfy customer needs depending on the feedback given by customers (Mattsson, 2009).

Return Policy

Goods returned impose an extra cost to the retailer as in most cases they have to be resold at a lower cost or in extreme cases discarded if completely damaged (Ofek, Katonma & Sarvary 2011). The extra costs incurred by suppliers as a result of returned goods have influenced retailer's adoption of a return of goods policy which is strict and not as generous as it initially was (Davis, Hagerty & Gertner 1998). Previous studies have found that return policy is an important criterion in selection of suppliers (Hansen, 2001, Nandonde & Kuada 2016). On return of goods by retailers, the price of the goods is either lowered or the product is replaced (Nandonde & Kuada, 2016).

Product Promotion

Retailers select suppliers who engage in promoting their products as it is believed that product promotion is a tactic used to attract new customers (Abbad & Pache, 2013). To support and facilitate suppliers who wish to promote their products retailers allow suppliers to bring merchandizing officers in the supermarket (Nandonde & Kuada, 2016).

Previous studies show that product promotion may or may not cost a supplier depending on the supermarket the supplier is supplying to. However a clear distinction cannot be made as to when suppliers are charged or when they are not charged. For instance, the findings of Nandonde & Kuada (2016) indicate that most local small suppliers are not charged promotion fee while Abbad & Pache (2013) note that suppliers are charged for product promotion.

Legal certification

Previous literature on retailers buying decision show that there is a link between legal certification and the quality of a product. Legally certified products are perceived to be of high quality (Nadonde & Kuada, 2016). The legal certification retailers often look for are: health compliance certificates, business licences and standard certificates (Nadonde & Kuada 2016). However, the findings of a study conducted in South Africa by Makhitha (2014) on criteria used by retailers to select craft suppliers point out that legal certification is amongst the least factors considered by retailers when it comes to selection of suppliers. The study examined 39 criteria used to select suppliers and out of the 39 criteria legal certification ranked 38 in order of importance.

Legal certification signifies product safety, for this reason retailers insist on buying products which are legally certified. Previous literature shows that in addition to signifying product safety, legal certification also enhances trust for products. (Nandonde & Kuada 2016, Lu & Wu 2011).

Table 2.1: Summary of empirical Literature on criteria used by supermarkets to select suppliers

Author	Methodology and where study was conducted	Objectives of the Study	Findings on Criteria used by supermarkets to select suppliers
Nandonde and Kuada, 2016	Qualitative case study involving comparison of modern food retailers in Tanzania.	To examine the criteria used by supermarkets to select those who supply processed food.	Well promoted product, supplier reliability, return policy, quality, price, packaging, consumer feedback, legal certification and acceptance of trade credit are the criteria used by supermarkets to select suppliers. The themes that stood out in regards to criteria were: product quality, reliability and price.
Comment: Study did not include suppliers but only got responses from supermarkets.			
Abbad and Pache, 2013	Case study which used qualitative data	To examine the current importance of logistical performance criteria in the supplier selection process used by large food retailers	Criteria used to select suppliers arranged in a descending order are; Price, quality, trading cooperation agreements, participation in product promotion, discounts granted by suppliers, admission fee, production capacity and logistical service.
Comment: Large retailers were the only one's included in the study leaving out small retailers. The inclusion of small retailers in the study would have brought out a different dimension to the study which could have also allowed for comparison			
Ramlan, Bakar, Mahmud and Keng (2016)	Quantitative study	To determine the ideal criteria of supplier selection for food processing industry	The most important criterion in the category of main criteria was price, followed by quality and the service offered by suppliers.
Comment: Data only collected from two towns in Malaysia therefore it is hard to make generalizations			
Lin and Wu (2011),	Quantitative study	To evaluate the criteria used to select those suppliers who supply fresh fruits and vegetables directly to supermarkets.	The most important criteria used by supermarkets were: price, quality, and food safety.
Comment: The method used to collect data allowed arrangement of the criteria preferred by supermarkets in hierarchical form which gives a clear picture of the preference of supermarkets.			
Hansen (2001)	Quantitative Study	To examine purchasing decision behaviour by Chinese supermarkets	The most important supplier attributes that the supermarkets were interested in were: price, quality, product consistency and food safety.
Comment: Variables used to measure criteria were divided into two which product items and supplier characteristics items, this gives a clear picture on the attributes of the product and the qualifications of the supplier which are important			

Source: Literature Review by Author

Therefore in summary the main criteria that this study will draw on from the empirical literature are quality, reliability, return policy, customer feedback, product promotion and legal certification .The study will focus on these criteria as they have featured in at least two of the studies that have been reviewed. However, this is one of the first studies to combine the criteria.

2.3.1 Characteristics of bakery suppliers

The firm characteristics that this study is going to focus on are: the size of the firm and the age of the firm. First I review literature on size of the firm which mainly revolves around small and large firms then I proceed to age of firms.

Size of the firm

Large firms enjoy the advantage of economies of scale; it is a significant advantage as it plays a major role in reducing the cost of production (Ali 2016, Olawale, Bamiile & Fatai 2016). It is argued that the best way for a firm to reduce production costs and increase market share is through attaining economies of scale (Olawale et al., 2016). Existing literature points out that the size of a firm affects the success of a firm; therefore large firms are regarded as better performing than small firms (Babalola 2013, Ali 2016, Olawale, Bamiile & Fatai 2016). Due to economies of scale; bigger firms are able to manufacture a lot at a lower cost than smaller firms. The advantage of economies of scale enhances the ability of large firms to gain credit, government contracts and licences, for this reason large firms are able to grow faster and perform better than small firms (Ali (2016).

Supermarkets prefer contracting large and or medium suppliers to small suppliers due to a variety of reasons: one, supermarkets provide a range of products therefore, supporting the idea of one stop shopping. Secondly, they incur lower transaction and product costs. Thirdly, they package products attractively; offer brand development; and employ formality during invoicing which is critical in accounting for value added tax and product liability (Reardon et al., 2010, Shingie & Mmamolejji 2016)

Previous works have used parameters like, number of employees, turnover, total sales and total assets to measure the size of the firm. In their study on the effect of size of the firm on performance Olawale et al., (2016) measured the size of the firm using total firm assets and total sales. They found out that firm size measured in terms of the total firm assets has a negative effect on the performance of a firm. On the other hand firm size in terms of total

sales has a positive impact on firm performance. The study recommended that small firms should focus on increasing their size through striving to increase turnover and venturing into new markets for existing and new products.

Firm size has also been measured by the number of employees and turnover, where very small enterprises have less than ten employees; small enterprises have less than 50 employees while the medium sized enterprises have less than 250 employees. In terms of turnover very small enterprises have less or equal to 1 million euros, small enterprises have less or equal to nine million euros, and the medium sized enterprises have equal to or less than 50 million euros (Menrad 2007)

Similarly, Helfand, Sadeghi & Talan (2007) used the number of employees as a measure of firm size in the United States. They opine that economists have no consensus of what constitutes small businesses. In the US the Small Business Administration holds that small firms have fewer than 500 employees. There are also “micro businesses” which have less than five employees. In Kenya, The Micro and Small Enterprise bill (2012) defines small businesses “as those firms, trade, service, industry or business activities that post an annual turnover of between Ksh500, 000 and Ksh5 million and have an employee list of 10 to 50. In the manufacturing sector, investment in plant and machinery should be between Ksh. 10 million and Ksh 50 million and registered capital of the enterprise between Ksh. 5 million and Ksh 25 million in the service and farming sector.”

Age of the firm

Age of the firm indicates the experience the firm has in its area of operation (Kipesha 2013, Beeton, Nguyen & Halog 2016, Yazdanfar, 2013). Previous studies note that firm experience has a positive impact the efficiency of the firm, the financial level of the firm and the sustainability of the firm (Kipesha, 2013). It is further noted that a firm’s age determines it’s profitability and dictates its stability (Anic, Rajh & Teodorovic, 2009). The experience of firms was also found to increase with age of firms, this meant that older firms had more experience than younger firms.

A firm’s age is associated with more information, better reputation, and access to finance in that the older a firm, the more access to information the firm has and the more it’s chances of accessing finance (Yazdanfar, 2013). Access to information and finance are key issues which enhance firm growth and development.

Age of the firm has been measured as the number of years the company has been operating since it was founded (Anic et al. 2009, Kipesha 2013). They found out that younger firms performed better than older firms and that the older firms were in most cases large while young firms were small.

There are two strands of literature on the relationship between firm age, firm profitability and firm efficiency. One strand of literature holds that there is a significant positive relationship between firm age and profitability (Ilaboya & Ohiokha 2016, Anic et al., (2009). The other strand of literature posits that there is a negative relationship between firm age, firm profitability and firm efficiency in that as firms grow older, they tend to become inefficient and their profitability levels tend to decline (Loderer & Waelchli 2010, Kipesha, 2013). The decline in profitability is caused by rise in operational costs, slow growth, obsolete assets and decline in R&D. They also argue that old age diffuses rent seeking behaviour therefore, reducing the overall profitability.

Table 2.2: Summary of Empirical Literature on characteristics of bakery firms

Author	Methodology and where study was conducted	Objectives of the Study	Findings on firm characteristics
Olawale et al., (2016)	Quantitative study	To determine how firm size affects the performance of firms in Nigeria.	Size of the firm in terms of total assets affects total performance negatively and on the other hand, the size of a firm in terms of total sales affects firm performance of Nigerian non-financial firms positively.
Helfand et al. (2007)	Use of Secondary Data	To investigate the effect of small and large firms on employment growth by firm size	Small firms grew into large firms as the number of those employed increased.
Comment: The study only used secondary data, it should have used both primary and secondary data			
Babalola 2013	Study used a panel data framework and secondary data was used.	To analyse the factors that determine firm profitability	Large firms perform better than small firms
Comment	The study should have incorporated longitudinal framework as it would have brought out differences in time variation as opposed to panel data		
Menrad (2007)	Quantitative study	To determine the characteristics of firms	Very small enterprises have less than ten employees; small enterprises have less than 50 employees while the medium sized enterprises have less than 250 employees.
Kipesha (2013)	Use of panel data of over a period of 5 years	To examine the impact of firm size and age on performance of Microfinance institutions	Age of firms is significantly related to firm efficiency
Anic et al, (2009)	Quantitative study	To identify factors that are behind superior performance of manufacturing firms	Younger firms performed better than old firms and that the older firms were in most cases large while young firms were small.
Comment	The study should have incorporated qualitative which would have allowed for explanation and supported the quantitative data		
Yazdanfar, (2013)	Unrelated Regression Analysis	To investigate factors affection profitability of firms	Firm age influences firm performance negatively
Comment	Firm performance is mainly determined by internal rather than external factors.		
Beeton, Nguyen and Halog 2016	Both Qualitative and qualitative data used	To determine the relationship characteristics of garment and textile in very small, small and medium sized firms	Older firms have higher adaptive capacity compared to younger firms
Comment	The study only involved very small, small and medium firms, it should have incorporated large firms too, in order to determine whether there were any variation		

Source: Literature Review by Author

In summary the firm characteristics that this study is going to examine are the size of the firm and the age of the firm. To measure the size of the firm this study borrowed from Olawale (2016), and Menrad (2007) Therefore the key parameters that will be used to measure the size of the firm are: number of employees. This study also measured the size of the firm using the number of bags of flour used by each bakery per day. Age which is the other firm characteristic this study investigated and to measure the age of the firm, the study borrowed from (Kipsha 2013, Beeton, Nguyen & Halog 2016, Yazdanfar, 2013) who viewed age as the number of years the bakeries have been in operation.

2.3.2 Marketing Capabilities

The definition of marketing capabilities varies from author to author. For instance, Song & Beneddeto (2003) define marketing capabilities as “those that enable a firm to manipulate the benefits of inside-out and outside-in -capabilities by applying marketing programs which are operative”. There are two categories of capabilities: “outside-in” and “inside-out” capabilities. Through the use of outside-in capabilities an organization is able to detect changes in the market in which it operates and this in turn enhances its competitive nature, and its customer relationship management skills enabling the organization to create lasting bonds with its customers (Song & Beneddeto 2003).

On the other hand inside–out capabilities involve: technology and new product development, manufacturing process, production facilities, technology change and the ability to forecast technological change in the industry. This study is going to focus on outside in capabilities as they enable organizations to compete, create ties with channel members and form lasting bonds with customers. Like Beneddeto (2003) Morgan, Slotegraaf & Vorhies (2009) broke down the term marketing capabilities into: market sensing, brand management and customer relationship management (CRM) capabilities.

In a nutshell the definition of marketing capabilities given by Morgan et al (2009) corresponds to out-side in capabilities as classified by Song & Beneddeto (2003). As mentioned earlier outside in capabilities enable a firm to compete effectively by sensing the requirements of the market, creating lasting bonds with customers and creating ties with channel members. This can be summarized as market sensing, Customer relationship management and networking respectively.

There are three components of marketing capabilities which include market sensing, brand management and customer relationship management (CRM) capabilities. Market sensing “is a firm’s ability to learn about customers, competitors, channel members and the broader market environment where it operates” (Morgan et al., 2009).

Marketing capabilities serve as important components in the process of improving performances of new products and the business in general (Genc, Ozbag & Esen 2013). Through marketing capabilities, firms can interact with customers leading to high levels of product capabilities as the firm benefits from market intelligence and customer feedback. Genc et al., 2013 conclude that success of new products is enabled by effective marketing capabilities. In this sense, the more effective the marketing capability of a firm, the more successful its products are.

O’Cass & Sok (2014) examine the extent to which intellectual resources, product innovation capability, reputational resources and marketing capability influence the ability of SMEs to meet or exceed performance goals. They also found that having high level of resources cannot compensate for low level of capabilities and also high level capabilities cannot compensate for low level of resources. The research design utilized in the study was cross-sectional research design. The study can be criticized on ground of the research design used, as longitudinal research design would have offered more in-depth revelations on the dynamics of resource capability combinations, growth of the firm and social ties.

The first physical interaction with products customers get when they walk into a retail store is the product’s packaging (Kellogg 2017). Packaging has a great impact on customers and in most cases determines the noticeability of a product and contributes to the consumer’s perception of the product Raheem, Vishnu & Ahmed (2014), Kellogg (2017). Raheem et al., (2014) further notes that packaging is a powerful factor which greatly influences a customer’s buying decision and increases market share. In addition to this, Mohebbi (2014), Kuimarsi, Isa and Jayaraman et al., (2014) suggest that packaging serves as a crucial advertising tool to increase sales as it exerts a significant impact on decisions of consumers at the point of purchase.

In retailing and marketing, packaging colour plays a central role due to its positive effect on consumers' decisions at point of purchase. Packaging plays a role in communication functions that include information, contents, destination, means of handling, and product promotion. Additionally, packaging serves functions that enhance marketing where visual elements such as graphics, colour, size and size of package affect branding (Mohebbi, 2014). The study concludes that colour serves as a source of information and evaluation based on colour alone shows that it has profound effects on the thoughts, feelings and behaviours of buyers. It also enables achievement of attention capturing as first impression is based on packaging.

Previous studies have used either colour, shape of the package or packaging material or all of them to measure packaging (Nandonde and Kuada (2016), Meena (2015), Raheem et al. (2014), Javed S.A and Javed S (2015) and Kuimarsi et al. (2014), Mohhebi (2014) Licciardello et al. (2013) and Filipović et al. (2012). Product details such as date of manufacturing, physical address of the manufacturer are other key packaging measures that were used (Nadonde and Kuada (2016). The manufacturer's logo is also an important feature of marketing as suggested by Javed S. A and Javed S. (2015).

Inasmuch as the previous literature from Nandonde and Kuada (2016) ,Raheem et al. (2014), Javed S.A and Javed S (2015) and Kuimarsi et al. (2014), Mohhebi (2014) have used colour, shape of the package and packaging material to measure packaging, they have not pointed out how colour, shape of the package and material used to package were operationalized. This study is going to borrow from the discussion on what to consider when packaging for retail success Coleman (2013), Licciardello et al., (2013) and Filipovic et al. (2012) to operationalize package material. Therefore the features of the packaging material this study will look at are: design of the packaging material in terms of shape, attractiveness of the package colour, quality of the package for food safety and presence or absence of company logo on the package. In regards to shape of the package a shape that can allow the products to be stuck up on top of the other to save on the shelf space normally allocated to suppliers, a shape that allows no space wastage in between the products and within the product itself.

Previous literature on the impact of colours on packaging do not state how the colour has been operationalized but use the concept of psychology of colours and cultural interpretation of colours to state the importance of colour in packaging, Mohebbi (2014), Aslam (2006).

Different colours are considered to have different a meaning for instance there are bright colours and dull colours, bright colour packages have an effect of attracting the buyers attention. This study is going to borrow from Mohebbi (2014) in interpreting the meaning of colours. Red will be viewed as a celebration and love colour, blue will be associated with trust, green will be related to growth, yellow will be linked to joy, white will be allied to truth, black associated with power and darkness at the same time, grey related boredom, orange linked to energy, brown will be likened to boredom, pink will be related to admiration, purple associated with pride and nobility just to mention a few colours that are likely to be found on the package of bakery products in supermarkets

Having reviewed the literature on marketing capabilities, the themes which stand out as shown in table 2.3 are Customer Relationship Management, Market sensing and Partner linking/Networking which has been discussed by (O’Cass & Sok 2014: Saleh 2015: Morgan 2009: Genc et al. 2013). This study measured marketing capabilities on the same scale as used by these authors these are Market Sensing, Customer Relationship Management and Networking. These three scales are further going to be broken down for easier understanding. The study included packaging as one of the marketing capabilities it’s going to examine. This is because literature reviewed states that packaging is one of the important criteria used in selection of suppliers by supermarkets (Nandonde & Kuada, 2016). Packaging is also a marketing strategy according to Raheem, Vishnu & Ahmed (2014), and Kellogg (2017). Therefore this study will consider packaging as one of the marketing capabilities.

Table 2.3: Summary of Empirical Literature on what are the marketing capabilities of bakery firms

Author	Methodology and where study was conducted	Objectives of the Study	Definition of Marketing capabilities
Genc et al., (2013)	Empirical study in which primary data was used	To find out whether there is any relationship existing among, production capabilities, marketing capabilities and innovation.	Capabilities that are considered to be the integrative processes that are designed to apply the collective knowledge, skills and resources of a firm to market objectives of the firm to enable it become competitive through adding value to its goods and services.
Comment	The study only focussed on large and medium sized firms, it should have included small firms too		
Morgan, Slotegraaf and Vorhies (2009)	Data from a cross-industrial sample	To investigate how market sensing, brand management, and customer relationship management (CRM) capabilities determine firms' revenue Growth and margin growth—the two components of profit growth.	Activities that include market sensing, brand management and customer relationship management (CRM) capabilities
Comment	The study should have carried out longitudinal research in order to establish the sustainability of the effects of marketing capabilities		
O’Cass and Sok (2014)	Cross-sectional study	To examine the extent to which intellectual resources, product innovation capability, reputational resources and marketing capability influence the ability of SMEs to meet or exceed performance goals.	Bundles of interrelated routines used to engage in specified marketing-related activities in areas such as sales, distribution and pricing.
Comment	The study only included SMEs leaving out the large firms this could have further shown how the firms are diverse		
Song and Beneddeto (2003)	cross-sectional study	To investigate the relationship between strategic types and firm level capabilities	Marketing capabilities are those that enable a firm “to manipulate the benefits of inside-out and outside-in -capabilities by applying marketing programs which are operative” examples of these marketing programs are advertising and sales promotion.
Comment	The study overlooked other important marketing capabilities like human resource and financial capabilities.		
Saleh 2015	Collection of data not done but studies reviewed	A review of past studies	Activities that involve market sensing, networking and customer relationship management

Source: Literature Review by author

Therefore in summary the main marketing capabilities this study is going to use are Customer Relationship Management (CRM), market sensing, networking and packaging. One of the objectives of this study is to identify the marketing capabilities used by supermarkets to select suppliers, this provides insight to suppliers on the marketing capabilities they should adopt or improve on in order to access supermarkets.

Influence of marketing capabilities on inclusion of suppliers in supermarkets

The issue of inclusion of suppliers into supermarkets is crucial especially now that supermarkets seem to have a preference of some suppliers to others. They prefer doing business with some suppliers as opposed to others. This section looks at the influence of marketing capabilities has on firms

In order for firms to experience growth in income and assets, it is important for them to establish and maintain close ties with suppliers and final users of the product (Sirec & Bradac (2009). Networks are important components of marketing capabilities (Saleh 2015) and companies which network perform better and enjoy competitive advantage over those they compete with. In previous studies networking has been measured in terms of the number of networks a company had (Sirec and Bradac, 2009).

Research and development, marketing capabilities, operations capabilities on their own and their interactions determine how a firm performs financially in the specific industry which a firm operates (Dutta, Narasimhan & Rajiv, 1999). Additionally they note that marketing capabilities are essential in enhancing the commercial viability of a firm in that though a firm may be rich in research and development, it is important for the firm to build on its marketing capabilities.

Marketing capabilities have an impact on the quality of goods of the sampled firms and research and development. The aspect of research and development is particularly important to this study as it aids in identification of the needs of customers and identification of a market which may not have been explored. Research and development is one of the components of market sensing this study used. This is crucial to this study, because as mentioned earlier the marketing capabilities this study is going to explore is Customer Relationship Management, Market sensing and Networking (Dutta et al., 1999)

Firms employ CRM in their operations because CRM come with benefits such as improving customer satisfaction level, attracting new customers, improving the lifetime value of customers and retaining existing customers (Xu & Walton, 2005). On the other hand, Alipour & Mohammadi (2011) opine that CRM is effective for achievement of competitive advantage by firms. For Competitive advantage to be achieved, it is important for firms to align themselves with customer needs (Alipour & Mohammadi 2011). As mentioned earlier one of the ways through which firms can get to know of the needs of their customers is through carrying out effective market sensing. In this study, it will be important for the bakeries to align themselves to the needs of their customers who are the supermarkets. The needs of the supermarkets in this case include the criteria used by supermarkets to select suppliers.

Marketing capabilities influences international product performance positively by “enhancing customer knowledge, product development, and adaptation” (Blesa & Ripollés, 2008). It is also noted that marketing capabilities contributes to a firm success and gives firms a competitive edge over other firms (Salehi & Ahmadian, 2016). This is relevant to this study as the study investigates the marketing capabilities which bakeries have, and the influence these capabilities have on inclusion of bakery suppliers into supermarkets.

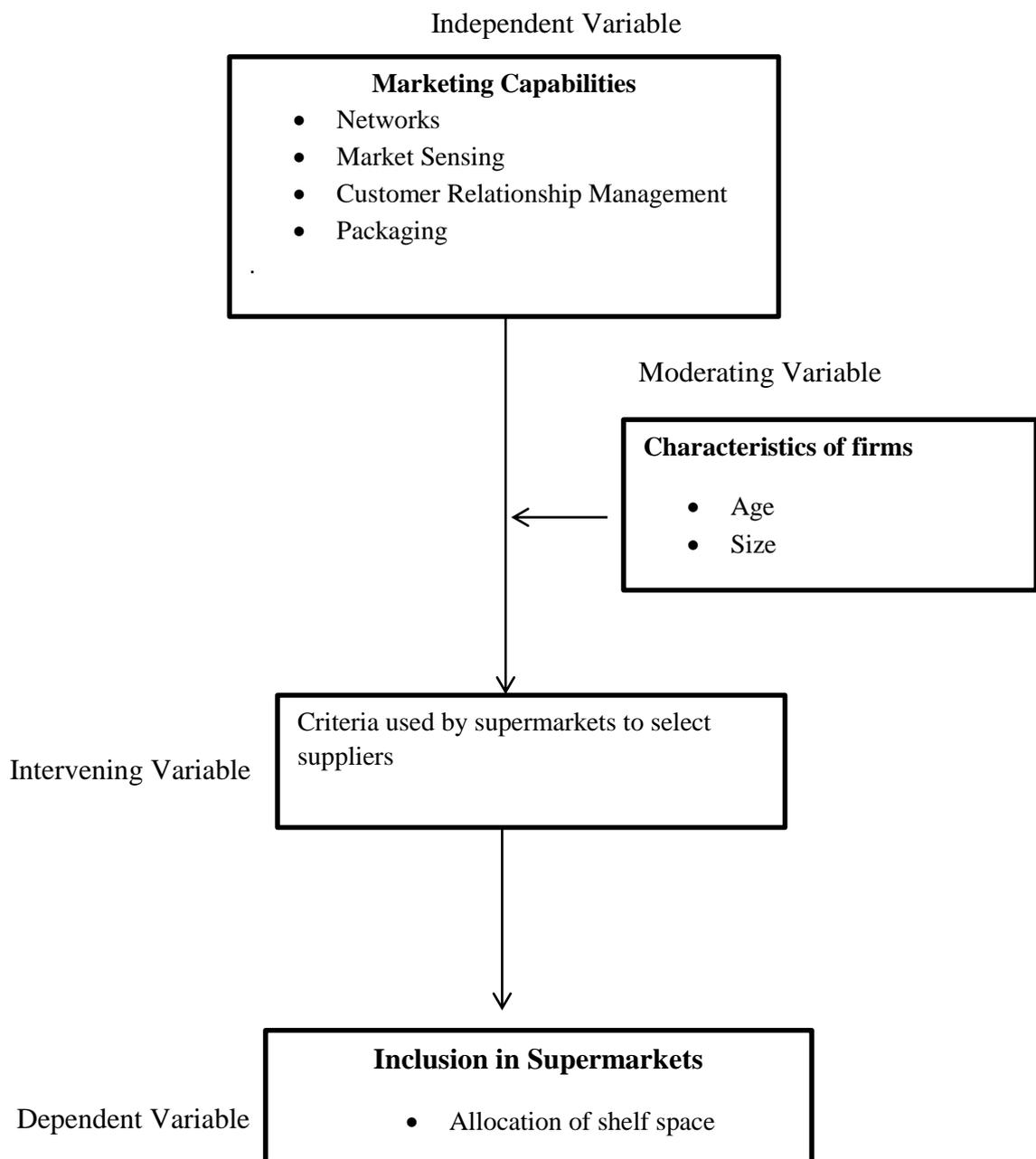
Having reviewed literature as summarized in table 2.4, it is important to note that marketing capabilities influence the market base of a firm. This study will aim at finding out whether marketing capabilities play a role in a bakery supplier’s access to supermarkets. These marketing capabilities are customer relationship management, market sensing, networking and packaging.

Table 2.4: Summary of Empirical Literature on how marketing capabilities of firms determine their inclusion into supermarkets

Author	Methodology and where study was conducted	Objectives of the Study	Findings in relation to inclusion
Sirec and Bradac (2009)	Quantitative business research methods done in Slovenia	“To analyse characteristics of networking and networking approaches in Slovenian small and medium sized enterprises (SMEs) and how networking contributes to the growth of these enterprises”.	Companies that established and maintained ties with its customers and suppliers performed better and experienced a growth in income.
Comment	The study extensively looked at network levels and other characteristics of networks		
Dutta, et al, 1999	Use of stochastic frontier estimation to operationalize and estimate firm capabilities Archival data was used	To determine the importance of marketing capabilities in firms.	Marketing capabilities, Research and Development, operations capabilities and their interactions play a key role in determining a firm’s financial performance within a certain industry
Comment	Study incorporates an input –output framework which aids in the processes involved in the interactions between marketing capabilities.		
Filipovic(2012)	To investigate the shelf life of mixed corn bread in relation to packaging material	Observation experiment	Packaging material has huge effect on shelf life of a product
Comment	The study only utilized observation method which has a higher probability of being biased.		
Nandonde and Kuada, 2016	Qualitative case study	“To assess the criteria used by supermarkets to select suppliers of processed food”	Packaging has an effect on the buying behaviour of consumers
Comment	Study did not include suppliers but only got responses from supermarkets.		
Mohebbi (2014)	Qualitative	To contribute to the existing research in the field of packaging and marketing and shed more light on the psychology of colours and their effect on packaging and marketing.	packaging colour plays a central role due to its positive effect on consumers decisions at point of purchase

Source: Literature Review

Figure 2.1: Conceptual framework
2.4 Conceptual Framework



Source: Author's Conceptualization

Explanation of Conceptual Framework

The independent variable in this study is marketing capabilities. The variables that will be used to describe marketing capabilities are: market sensing, customer relationship management, networking and packaging. The dependent variable is inclusion of suppliers in supermarkets. Therefore the underlying hypothesis is that the inclusion of a supplier into supermarket supply chain is determined by possession of marketing capabilities used by bakery suppliers. The moderating variable is the characteristics of the firm which are: size of the firm and age of the firm while the intervening variable is the criteria used by supermarkets to select suppliers.

Table 2.5: Operationalization of Variables

Variable	How it has been operationalized Measure	Aspects of the variable the study is looking at
Marketing Capabilities	A processes including and limited to partner linking/networking, Customer Relationship Management packaging and market sensing employed by bakeries for purposes of meeting supermarket needs, gaining new markets and having competitive advantage over competitors.	The degree to which at which the bakeries carryout CRM and market sensing, and packaging and networking.
Networks	The social, political and economic ties and relations bakeries have with other complimenting businesses, bakeries, supermarkets and consumers for purposes of sharing information and obtaining benefits	Ways in which networks contribute to the number of customers a bakery has.
Market Sensing	A bakery's ability to learn about customers, competitors, and the broader market environment where it operates in order to increase its market base.	Practices bakeries carry out to learn about customers, competitors and underserved market. Actions taken by bakeries after conducting research on potential customers and competitors Benefits of customer feedback and how it is gotten
Customer Relationship Management	Activities employed by the bakeries in the process of managing the relations with their customers for purposes of gaining an edge over their competitors and retaining existing and gaining new customers	Practices which facilitate interaction with customers Strategies used by bakeries to maintain and retain a good relationship with the customers.

Variable	How it has been operationalized Measure	Aspects of the variable the study is looking at
Packaging	A tool used by bakeries with the aim of increasing sales by promoting a product's attractiveness and safety.	Bakery perception on package design, quality of package for product safety and attractiveness of their package. Effect of package change on sale of products
Age of the firm	Number of years a firm has been in operation since it was founded	Number of years a bakery has been in operation since it was founded
Size of the firm	Number of employees in a firm	Number of employees in a bakery
Inclusion	The art of including a bakery in the supermarket supply chain and allocating the bakery shelf space	Allocation of shelf space to bakeries by supermarkets
Quality	Measures of quality supermarkets look for when selecting suppliers	Aspects of cakes supermarkets use when checking for quality
Price	Amount of money given in payment of cakes sold to supermarkets	Effect of price of price on the purchase of goods
Return Policy	Terms guiding return of spoilt goods and goods that have defects once sold to supermarkets	Circumstances which necessitate return of goods
Customer Feedback	Information from customers about satisfaction or dissatisfaction with goods sold to them	Implication of customer feedback on supermarket's decision to purchase goods
Reliability	Delivery of goods within the lead time	Supermarket guidelines on delivery of goods within the required time
Product Promotion	Any action entailing product giveaways and discounts given to customers and potential customers	Supermarket's take on product promotion in relation to sales Whether there are charges on product promotion
Legal Certification	Legal authorization supermarkets require suppliers to meet before engaging in business with them.	Legal requirements supermarkets look out for in relation to food products Importance of the legal requirements posed by supermarkets on suppliers.

Source: Literature Review by author

2.5 Definition of Terms

1. Marketing Capabilities

Marketing capabilities are the integrative processes designed to apply the collective knowledge, skills and resources of a firm to market objectives of the firm to enable it become competitive through adding value to its goods and services (Genc, Ozbag and Esen, 2013). In this study marketing capabilities will be operationalized as processes including and limited to partner linking/networking, market sensing, customer relationship management and packaging employed by bakeries for purposes of meeting supermarket needs, gaining new markets and having competitive advantage over competitors.

2. Networks/Networking

Networks can be defined as “social and economic processes through which individuals and organizations develop lasting relationships with particular sets of stakeholders for the purpose of accessing support and facilitating change” (Allan and Rutashobya, 2006). In this study, networks will be operationalized as the social, political and economic ties and relations bakeries have with other complimenting businesses, bakeries, supermarkets and consumers for purposes of sharing information and obtaining benefits.

3. Market sensing

Market sensing is a firm’s ability to learn about customers, competitors, channel members and the broader market environment where it operates (Morgan, Slotegraaf and Vorhies, 2009). “Market sensing capability can also be defined as an ability which enables the firm to monitor market needs and tendencies ahead of its competitors. It enhances the importance of opportunity recognition and refinement as a basis for launching new venture either from individual or corporative perspectives” (Rasmussen, Mosey and Wright, 2011).

4. Customer Relationship Management (CRM)

(CRM) is a firm’s ability to identify attractive customers and prospects, initiate and maintain relationships with the customers and leverage this relationship into customer level profits (Morgan, Slotegraaf & Vorhies, 2009). Customer Relationship Management can also be defined as “a strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their lives cycles, in order to create a competitive advantage and improve an organization's performance” (Rashid and Mohammed, 2012).

In this study Customer Relationship Management is going to be defined as activities employed by the bakeries in the process of managing the relations with their customers for purposes of gaining an edge over their competitors and retaining existing and gaining new customers.

5. Packaging

The Merriam Webster defines packaging as the process of enclosing something in a container or covering. In this study packaging is going to be defined as absence or presence of product logo on a package, brightness or attractiveness of package colour and quality of the package for product safety.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the methodology that this study is going to employ will be discussed and a detailed description given. First, the research design is described, then the study site, population and sampling, data sources, data collection method, data needs table and finally data analysis.

3.2 Research Design

Bryman (2008) defines a research design as “the structure for the collection and analysis of data”. A research design therefore shows the steps that are followed when carrying out a research. The research design employed in this study is a case study. Additionally, Bryman (2012) notes that a case study creates room for a comprehensive and thorough analysis of a single case.

This study aimed at interrogating marketing capabilities and inclusion of bakery suppliers in supermarket supply chain. The data that was utilized in this study is both quantitative and qualitative data; this helped in achieving the objectives of the study. The quantitative and qualitative data vividly brought out the issues under interrogation. For the qualitative data, a respondent interview guide was used and for the quantitative data a survey questionnaire was used. The quantitative data not only allowed for quantification of descriptive statistics but also gave room for test of significance between dependent and independent variable. The quantitative data was collected using a questionnaire.

3.3 Data Sources

Data was gathered from both primary and secondary sources. Primary data was collected through respondent interviews and survey questionnaires. The primary data was collected from bakery suppliers and heads of department of supermarkets. Secondary data was collected from published material such as newspapers, periodicals, journal articles, books and other secondary material.

3.4 Study Site

The study was conducted in Nairobi's Nairobi Metropolitan. Kenyan census 2009, states that Nairobi is the largest county in Kenya and has the largest population comprising of about 3.5 million people. High urbanization is one of the characteristic traits of Nairobi County. As earlier stated urbanization plays a key role in the spread of supermarkets in Africa, therefore the more urbanized a county is the more likelihood of presence of supermarkets and bakeries. The four major large supermarkets are all found in Nairobi's Metropolitan and have an in-store bakery in which they sell a variety of baked products. Additionally they also sell bakery products of other suppliers.

3.5 Population and Sampling Methods

The target population this study focused on is the marketing managers and owners of bakeries located in Nairobi and supermarkets in Nairobi metropolitan. Special emphasis was placed on the suppliers in Nairobi County since it has the largest number of bakeries and a high number of supermarkets. A list of bakeries operating in Nairobi was obtained from the City County office of Nairobi which issues Food/Health Related Permits. Also a list of supermarkets operating in Nairobi was obtained from Nairobi City Council (NCC). Sampling was done in two rounds, the first round of sampling included a census to establish which bakeries are large, medium and small using parameters that include, number of employees, and the number of bags of flour used. In the second round of sampling a random sample was carried out to establish which bakeries are going to be included in the study. Evidence from the supermarkets indicates that twenty (20) bakeries (the ones who bake cakes) have been able to supply their products to the supermarkets located in Nairobi Metropolitan. This was established through observation of supermarket shelves and confirmation from supermarket staff. From the total of 122 bakeries provided by the NCC, 102 bakeries are left. This number has failed to access supermarkets.

The number of bakeries included in this study was 13 out of the 20 bakeries which supply supermarkets, this was due to the following reasons, Firstly, the time was limited, and secondly, some bakeries were unwilling to participate since the questions asked regarded their marketing capabilities which they did not want to disclose even after being assured of confidentiality. This information was considered private as they were of the opinion that their competitors may use this information to outdo them and even after persuasion and which was followed by a promise of confidentiality the bakeries were not willing to participate in the

study. Thirdly, after conducting the pilot study, it was established that most of the bakeries which supply supermarkets are homogeneous in that their mode of operation is the same and they produce the same bakery products. Therefore it was prudent to ensure that the bakeries which are interviewed are small, medium and large so as to get a clearer picture of the marketing capabilities of bakeries.

The bakeries that supply supermarkets in Nairobi are scattered geographically. For this reason, this study employed geography by supermarkets to select the population of supermarkets. The supermarkets included in the study are located in Nairobi Metropolitan. The bakeries which supply these supermarkets located in Nairobi Metropolitan are the ones which were included in the sample.

Supermarket Respondents

To understand the criteria used by supermarkets to select suppliers four supermarket personnel from three supermarkets were interviewed. The three supermarkets were supermarket X,Y,Z (not their real names) located in Nairobi Metropolitan. These supermarkets have 55, 41, and 12 branches countrywide respectively. Therefore given the number of branches these supermarkets have, the study will involve two big supermarkets and one medium sized one. Supermarkets X and Y are the two big supermarkets while supermarket Z is a medium sized supermarket. Data was collected from four supermarket personnel, who consist of a branch manager from supermarket Z, a procurement officer from supermarket Y and two respondents from supermarket X who held the position of a supply chain officer in the food division and the general administrator.

Bakery Respondents

To understand the marketing capabilities of bakery suppliers who supply supermarkets thirteen bakeries were interviewed. However from the thirteen bakeries only nine bakeries conclusively filled in the questionnaire. From the nine bakeries two key informants from two bakeries were selected. These two key informants were the owners of their bakeries who also held the position of marketing managers in their respective bakeries.

3.6 Data Needs Table

Table 3.1: Data Needs Table

Research Question	Data Needed	Source	Type of Data	Instruments
What are the criteria used by supermarkets to select suppliers.	<p>Quality Measures of quality supermarkets look for when selecting suppliers</p> <p>Reliability Delivery of goods within the lead time.</p> <p>Customer Feedback Importance of Information provided by customers on the cakes sold by supermarkets</p> <p>Return policy Guidelines for returning goods once sold to the supermarket by the supplier</p> <p>Product promotion Any action entailing product giveaways and discounts given to customers and potential customers</p> <p>Legal certification Legal authorization supermarkets require suppliers to meet before selecting them as suppliers</p>	Supermarket Procurement officer	Qualitative and Quantitative	Interview guide for supermarkets
What are the characteristics of bakery suppliers?	size of firms which have been able to access supermarkets	<p>Top management of firms in the sample. Size to be measured by the number of employees and number of bags of flour used.</p> <p>Information from heads of department Measured in terms of the number of years the firm has been under operation</p>	Quantitative	Questionnaire for bakeries
	Age of firms which have accessed supermarkets		Quantitative	Questionnaire

3.7 Data Collection Method and Analysis

This study employed respondent interview guides and questionnaires to collect both qualitative and quantitative data. The respondent interview guides were used to interview heads of departments of supermarkets and two key informants from two bakeries. These recorded interviews were transcribed for the purpose of carrying out content analysis. Questionnaires were used to extract information from bakery staff and data was analysed through content analysis which is “an approach used to analyse documents and texts that seem to quantify contents in terms of predetermined categories in a systematic and replicable manner” (Bryman, 2012).

The nature of the research questions in this study subjects the study to the use of both quantitative and qualitative data analysis methods. The answers to questions which are closed ended were pre-coded while those that are open were sorted out, coded and arranged into contents. The coded data was then entered and documented using Statistical Package for Social Sciences (SPSS). SPSS was used to generate descriptive statistics (frequencies and percentages) on selected variables.

The four research questions were analysed as discussed below:

Question One: What are the stated criteria supermarkets use to select bakery suppliers?

To answer this question qualitative data was analysed using content analysis on the various criteria used by supermarkets to select suppliers. The data used to answer this question was collected from four supermarket personnel, who consist of a branch manager from Supermarket Z supermarket, a procurement officer from Supermarket Y supermarket and two respondents from Supermarket X who held the position of a supply chain officer in the food division and the general administrator.

Question Two: What are the characteristics of bakeries supplying to supermarkets?

To answer this question quantitative descriptive statistics were used. In this question variables such as the number of years the bakery has been in operation, number of employees and number of bags of flour were analysed. The quantitative descriptive statistics was generated from data collected from all the 9 bakeries included in the study. To support the quantitative data, qualitative data was used. This data was mainly generated from two key informants who came from two supermarkets out of the nine supermarkets interviewed.

Question Three: What are the marketing capabilities of bakeries supplying to supermarkets? To answer this question quantitative descriptive statistics were used. In this question variables such number of employees who carry out research and development, number of hours allocated to research and development and the number of times the findings of research are presented to the rest of the organization were analysed. The quantitative descriptive statistics was generated from data collected from all the 9 bakeries included in the study.

To support the quantitative data, qualitative data was used. This data was mainly generated from two key informants who came from two supermarkets out of the nine supermarkets interviewed.

Question Four: How do marketing capabilities of bakery suppliers influence their inclusion in supermarkets?

Qualitative data was used to answer this question. The discussion points in this question were: Influence of market sensing on inclusion of bakery suppliers in supermarkets, influence of CRM, influence of networks and influence of packaging on inclusion of bakery suppliers in supermarkets.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

The findings of the study are reported in this chapter. The findings are organized thematically according to the outline of the research objectives of the study. This chapter is organized as follows: first, section 4.2, 4.3, 4.4 and 4.5 which discuss criteria used by supermarkets to select suppliers, characteristics of bakery suppliers, marketing capabilities of bakeries and the influence of marketing capabilities of bakeries on the inclusion of bakery suppliers into supermarkets respectively. Objective one , and four which are: to determine the stated criteria used to select bakery suppliers, to find out how marketing capabilities of suppliers influence their inclusion into supermarkets respectively, generated qualitative data while objective two and three which are: to examine the characteristics of the bakery suppliers found in supermarkets, to identify the marketing capabilities of bakery suppliers respectively, generated both qualitative and quantitative, therefore as stated in the methodology this study used a mixed methods approach. In this chapter the findings presented in tables and figures were generated from data collected from all the nine bakeries in the study while the qualitative data supporting the quantitative data is mainly generated from key informants from two different bakeries.

4.2 Criteria used by supermarkets to select bakery suppliers

My findings on the criteria used by supermarkets to select suppliers will be organized in three sub headings, these are: most important criteria in all three cases, differences in the three cases and other emerging criteria.

4.2.1 Most important in all three supermarkets

Table 4.1 represents the criteria which were common and most important in all the supermarkets in the study. The two big supermarkets and the medium sized supermarket all considered product quality, return policy, product reliability and legal certification as a basis for selection of suppliers. We now discuss these criteria.

Table 4.1 Most important in all three cases

		Variables			
Name of Supermarket	Size of supermarket	Product Quality	Return Policy	Product Reliability	Legal Certification
Supermarket Y	Big	√	√	√	√
Supermarket X	Big	√	√	√	√
Supermarket Z	Medium	√	√	√	√

Source: Interview Data, 2017

4.2.2 Product Quality

The study found out that large and medium supermarkets perceived product quality as a key criterion for selection of suppliers. They pointed out that high quality products were fast moving. Their findings correspond to the findings of (Lin and Wu 2011, Abbad and Pache 2013, Nadonde and Kuada 2016) which show that product quality is a very important criterion which supermarkets use to select suppliers. This study found that supermarkets measured the quality of cakes using parameters like shelf life, taste, and KEBS mark of quality assurance. The respondents stated that the longer the shelf life the higher the quality of a product and this was determined by the sugar content of the product.¹ Supermarkets have internal teams mandated to determine the quality of a product. For example one interviewee stated,

*“We regard product quality as a very important criterion when it comes to selection of our suppliers. It is not only important when it comes to selection of cake suppliers but all suppliers. We have our own team which is in charge of checking the quality of our products. One of the things customers look out for is quality and in most instances the sale of a product is determined by its quality”.
Supermarket X supply chain officer food division*

On quality we look at: the shelf life of a product, the longer the shelf life, the higher the quality of that product, KEBS sticker on the product, the ingredients used to make the product especially the sugar content, the more the percentage of sugar used to make the product the faster the product expires therefore we prefer products with a moderate sugar level”. Supermarket Z Branch Manager

¹ The higher the sugar content the shorter the shelf life.

These findings indicate that supermarkets associate product movement with product quality. This originates from the fact that customers prefer cakes of high quality to those of low quality. In this regard product quality is a strong criterion used by supermarkets to select their suppliers.

4.2.3 Return Policy

Findings of the study show that both big and medium supermarkets only contract bakery suppliers who agree to a return of goods policy. The findings of this study agree with the findings of Hansen (2001) which showed that retailers preferred suppliers who agreed to a return policy of goods. The three instances which the goods delivered to the supermarket may be returned are: When the product is damaged and deformed upon delivery, when the stock has been delivered in excess and when the goods have three days to expiry or in some cases expire on the shelf. Customers check the expiry date before buying the cakes. The findings of the study show that customers do not buy cakes which have a short life span (are near expiry). Therefore before selecting suppliers the return policy agreement forms are signed by both the suppliers and the supermarkets. The supermarket returns any excess delivery, for the damaged and deformed products the suppliers may issue a discount on those products, which end up being given to the supermarket personnel to carry home because they cannot be sold as they are, the supplier may also issue a credit note for the goods that are about to expire. In most cases as soon as the supplier receives a call from the supermarket informing him that his goods are either damaged or about to expire, the suppliers opt to go to the supermarkets and exchange the almost expiring products with fresh ones. For instance one respondent stated that:

“We return goods that have got three days to expiry, we call the supplier and ask them to come and pick up those products, the supplier then decides whether to replace those products that are about to expire with fresh ones or not depending on how fast his products are moving. In some cases they just issue a credit note for goods which are about to expire”. Supermarket Y Procurement Manager

To sum up, the study supermarkets only deal with suppliers who agree to a return of goods policy arrangement to avoid selling cakes that have expired or are almost expiring, excess stock or deformed cakes.

4.2.4 Product Reliability

The cross case analysis shows that reliability of the product is considered very important by both big and medium supermarkets. The parameters used to measure reliability of bakery products are the: weight and the taste of the product. The products supplied are expected to be of the same weight and taste as agreed upon. The findings of this study are consistent with the findings of (Lin & Wu 2011) whose study held that a supplier's product must always have the same taste failure to which retailers would view it as non-reliable. The findings of this study show that to ensure reliability of bakery products the supermarkets carry out spot checks on the products. For instance one respondent stated:

“As far as reliability of the product is concerned we are keen to ensure that the products are always of the same agreed weight and taste as initially agreed. Therefore we do spot checks on the product to check on its taste and measure the weight of the products on delivery.” Supermarket Y Procurement Manager

To summarize, the supermarkets under study prefer doing business with suppliers whose cakes are consistent in the way they are made. Some of the aspects the supermarkets look out for are the taste and weight of the cakes. Their shape and weight should always be consistent as agreed upon.

4.2.5 Legal Certification

The study found that all the supermarkets only do business with cake suppliers who comply with certain legal requirements which are: existence of the KEBS sticker on the products, a certificate from the health department, certificate of tax compliance from Kenya Revenue Authority and ISO certification. They further added that the reason why they only sold products which met these requirements is that they did not want to be penalized by the authorities. They will be penalized as they are the ones who have provided a platform for suppliers to sell their products without first complying with the government requirement. For instance one responded stated that:

“We only deal with suppliers whose products comply with legal certification requirements. This is because we cannot afford to be in trouble with the law; this might cause us our business.” Supermarket Z Branch Manager

The findings of this study are consistent with the findings of (Nadonde & Kuada 2016, Lin & Wu, 2011) who suggest that supermarkets are only willing to do business with suppliers who comply with the legal requirements in their respective countries.

The findings of this study therefore indicate that legal requirements are country specific and supermarkets only do business with cake suppliers who comply with legal requirements, this is mainly for the reason that they wouldn't want to be caught in breach of the law by the authorities. Another reason why supermarkets are strict on legal certification is that they are aware that customers are also keen on certification especially the KEBS mark of quality assurance.

4.2.6 Differences in the three supermarkets.

The findings of this study indicate that a supplier's reliability and product promotion are criteria used by supermarkets to select suppliers. However there are differences in terms of how strict they are on product reliability and product promotion.

4.2.7 Reliability of the supplier

Table 4.2 shows how strict supermarkets are on reliability of suppliers. From the table we note that the medium supermarket is stricter on reliability of the supplier compared to the large supermarkets. Below is a detailed discussion of the findings on supplier reliability.

Table 4.2: Supermarkets strictness on reliability of supplier

Name of Supermarket	Size of the supermarket	Very strict on Reliability of supplier	Strict on Reliability of supplier
Supermarket Y	Big		√
Supermarket X	Big		√
Supermarket Z	Medium	√	

Source: Interview Data, 2017

The analysis shows that though reliability of suppliers is an important criterion in the medium supermarket and the two big supermarkets, the big supermarkets are not as strict on reliability of suppliers as the medium supermarket. This is pegged on the fact that big supermarkets have the perception that the suppliers need them more therefore they assume that the supplier would always supply on the required date and time since it is to his advantage. Supplier reliability was measured on the basis of the ability to supply to all supermarket branches at the required time within the specified lead time.

The study findings indicate that supermarkets share information about supplier reliability. This helps them pick the most reliable customers in terms of product and time. For instance once respondent stated:

“Before we select a supplier we normally ask them if they are able to supply all our branches within the required lead time. So far the suppliers we have supply us within the required time, this may be linked to the fact we pay them after 30 days and for us to make the payment, and they must have done the supply”. Supermarket Y Procurement Manager

The findings of this study are consistent with that of Nadonde & Kuada (2016) in the sense that they found supplier reliability to be a criterion supermarkets use to select suppliers. However, in Nadonde and Kuada’s study there wasn’t that distinction of how big and medium supermarkets perceive the issue of supplier reliability. This study therefore emphasizes that some criteria like supplier reliability differ depending on the size of the supermarket.

4.2.8 Product Promotion

Table 4.3 shows how strict suppliers are on product promotion. From Table 4.3 we note that supermarkets have different views on product promotion as a criterion for selection of suppliers. Supermarket Y (a big supermarket) is very strict on product promotion while on the other hand Supermarket X (also a big supermarket) and Supermarket Z (a medium sized supermarket) are not as strict on product promotion. Below is a more detailed discussion of the findings on product promotion as a criterion used to select suppliers.

Table 4.3 Supermarket strictness on Product promotion

Name of Supermarket	Very Strict on product promotion	Strict on product promotion
Supermarket Y	√	
Supermarket X		√
Supermarket Z		√

Source: Interview Data, 2017

The study found that the supermarkets had conflicting guidelines when it comes to selection of suppliers based on product promotion. Two of the supermarkets, (one medium the other large), stated that they were not keen to select suppliers who carry out product promotion. The other big supermarket stated that they were very strict on product promotion and hence

preferred doing business with suppliers who carried out product promotion. The findings of Abbad & Pache (2013) point out that product promotion is an important criterion which the retailers use to select suppliers. They opined that product promotion increases customer awareness of the product. Below are three responses given by three of the respondents.

“We give preference to suppliers who are ready to do promotions because we believe that through promotions many people get to know about the product and this increases the chances of sale for these products. Therefore one of the questions we ask prospective bakery suppliers is whether they have a budget set aside for product promotion”. Supermarket Y Procurement Manager.

“We do not select suppliers on the basis of whether they conduct product promotion or not however, we encourage the supplier to carry out product promotion especially if: his product is new in the market or it’s an existing product which has suddenly reduced in number of sales. The most common forms of product promotion the suppliers carry out are: buy one get one free, a reduction on the price and product upselling which includes tasting the product”. Supermarket X supply chain officer food division

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Therefore, from the findings of this study, it is important to note that there is no pattern in the way big supermarkets view product promotion as a criterion used to select bakery suppliers this is due to the fact that Supermarket Y and Supermarket X which are both big supermarkets perceive the criterion product promotion differently though they are both big supermarkets.

4.2.9 Other criteria for selection of suppliers the supermarkets considered when selecting suppliers.

The findings of the study show that all the supermarkets in the study cited price as an important criteria for selection of suppliers. They prefer dealing with suppliers whose products have high price margins. The other aspect of price they discussed is that the price range of a particular product should not be way above or below the other products they sell. The other important criteria the supermarkets cited was nonexistence of a conflicting name with a product which is already being sold in the supermarket.

After the supermarkets have selected their preferred suppliers using the criteria discussed above, they allocate shelf space to suppliers, in some cases the size of the shelf space the cake suppliers are given vary. Next the study discusses allocation of shelf space in section 4.4.5.

4.3 Characteristics of Bakery suppliers

The characteristics of bakery firms examined in this study were: size and age of the bakeries. The age of the bakeries was measured in terms of number of years the bakery has been in operation. While the size of the firm was measured in terms of: number of employees and number of bags of flour used by the bakery per day.

4.3.1 Number of years the bakery has been in operation

Table 4.4 shows the number of years the bakeries included in the survey have been in operation. The oldest bakery (bakery H, not it's real name) has been in operation 27 years while the youngest bakery (bakery F) has been in operation for 2 years. Bakery A, B,C,D, E, G and I have been in operation for 5,10,14,11,10,21 and 7 years respectively.

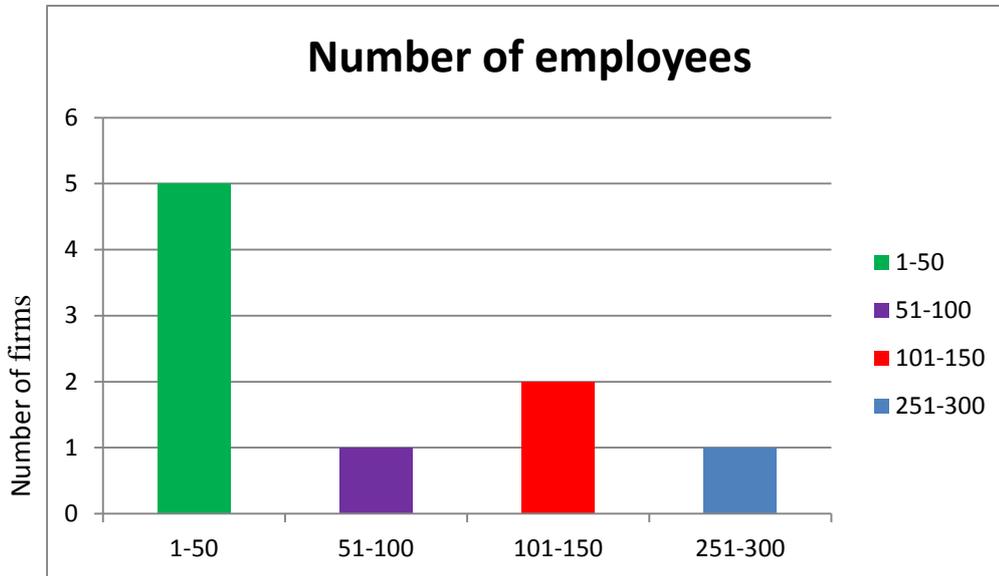
Table 4.4 Number of years the bakery has been in operation

	Name of Bakery	Number of years the Bakery has been operational
1	Bakery A	5
2	Bakery B	10
3	Bakery C	14
4	Bakery D	11
5	Bakery E	10
6	Bakery F	2
7	Bakery G	21
8	Bakery H	27
9	Bakery I	7

Source: Interview Data, 2017

The findings of the study therefore indicate that both young and old bakeries supply supermarkets in Nairobi Metropolitan. Therefore, from these findings I can conclude that the age of bakeries which supply supermarkets located in Nairobi Metropolitan vary.

Figure 4.1: Number of Employees in bakery firms

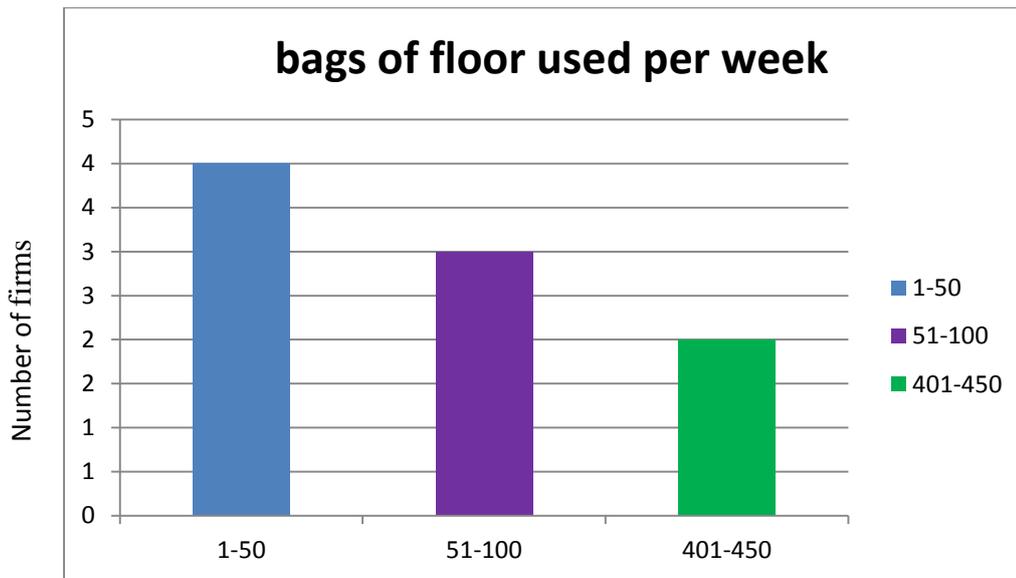


Number of employees

Source: Interview Data, 2017

Figure 4.1 shows the number of employees in the 9 bakeries included in the survey. The findings show that 5 of the bakeries have between 1 and 50 employees, 1 of the bakeries has between 51 and 100 employees while 2 of the bakeries have between 101 and 150 employees and another 1 bakery has between 251 and 300 employees. Therefore the findings indicate that generally bakeries have between 1 and 50 employees.

Figure 4.2: Number of bags of flour used per week (One bag is 50kgs)



Number of bags of flour used per week

Source: Interview Data, 2007'

Figure 4.2 shows the findings on number of bags used by the bakeries in a week. From figure 4.3 we note that 4 of the bakeries use 1 to 50 bags of flour, 3 of the bakeries use 51 to 100 bags of flour while 22 bakeries use 401 to 450 bags of flour per week.

Table 4.5 Comparison between the number of years bakery has been operational and the number of employees

Number of employees the bakery has	Number of years the bakery has been in operation							
	2	5	7	10	11	14	21	27
1-50		√	√	√	√	√		
51-100	√							
101-150				√				√
251-300							√	

Source: Interview Data, 2017

Table 4.5 shows a comparison between the number of years the bakeries have been in operation and the number of employees the bakery has. From the table 4.4 we note that most of the firms have between 1 and 50 employees. These firms have operational for 5 and 14 years. However there is a bakery which was established two years ago and it has between 51

and 100 employees. Two bakeries which have been in operation for 10 and 27 years respectively have 101 and 150 employees each and one of the bakeries which have been in existence for 21 years and have between 231 and 300 employees.

The findings of this study are not consistent with the findings of Anic, Rajh and Teodorovic (2009) who found out that in most cases very old firms were large while young firms were small. In this study we find that most firms with a high number of employees are older compared to those with a smaller number of employees. Therefore this study shows that there is no strong relationship between the age of the firms and the number of employees in a firm. This can be attributed to the fact that there is a firm that has been in operation for two years only yet it has more employees than those which have been in operation for between 5 and 14 years, also there are two firms which have been in operation for 10 years but the number of employees they have differs. One has 1-50 employees while the other has between 101 and 150 employees. However, the study can firmly conclude that bakeries which have been in existence for more than 20 years have the most number of employees.

4.4 Marketing capabilities of bakeries

The study sought to identify capabilities of bakeries which were considered to be networks, market sensing, CRM, and packaging. The study findings indicate that market sensing, CRM, packaging and networks are marketing capabilities used by bakeries which have accessed supermarkets. Inasmuch as all the bakeries used their marketing capabilities to access supermarkets; these capabilities were applied in different intensities. The discussion on marketing capabilities of bakeries is going to be organized in the following order: First I discuss market sensing, CRM, packaging and networks.

4.4.1 Marketing Sensing

The findings of the study reveal that bakeries carry out market sensing. Bakeries carry out market sensing through monitoring their competitors to find out what they are doing differently and soliciting for customer feedback on their products and services. The variables used to measure market sensing are number of employees who carry out research and development, number of hours allocated to research and development and the number of times the findings of research are presented to the rest of the organization.

4.4.2 Market Sensing Techniques

The study found out that eight of the bakeries sense the market through monitoring their competitors and gathering information from their customers while one bakery senses the market through gathering information from its customers about what the customers like and what they would like to see changed.

To support the quantitative data the qualitative data shows how bakeries monitor their competitors and how they gather information from their customers. The findings of this study indicate that bakeries monitor competitors through supermarket shelf attendants and the merchandizers who gather information from customers who buy the products of the competitors. The shelf attendants and the merchandizers have been tasked with the responsibility of finding out why customers prefer the competitor's product, if they have ever tasted the other bakery's cake and if yes what would they want to see improved.

“We befriend supermarket shelf attendants who carry out market sensing for us. They talk to customers who come to the supermarket to buy our competitors cakes. They enquire why the customers prefer our competitors cakes, especially if they have ever tasted our cakes” Bakery B owner

“If many customers are of the opinion that our cakes are for example not as soft as those of our competitors and are more sugary and that's the reason why they don't buy our cakes, we normally make a point of buying our competitors product and tasting it to try and find if it's actually better than ours. If that's the case, if the number of customers who are of the same opinion is high we make the necessary changes by making softer and less sugary cakes” Bakery B owner.

The findings therefore indicate that the shelf attendants play a key role in the sale of cakes in supermarkets. However the shelf attendants do not do this work for free. The bakeries pay them. They not only talk a customer into buying a baker's cakes but also in some instances locate a baker's cakes in strategic points on the shelf where customers can easily notice them. Bakery A owner stated that:

“When I first started supplying supermarkets I used to wonder why my cakes were moving so slowly, I used to send my family to go and purchase the cakes so as to secure my space in the shelf. However I noticed that this went on for long so I approached the shelf attendants at the supermarket and he told me that my cakes

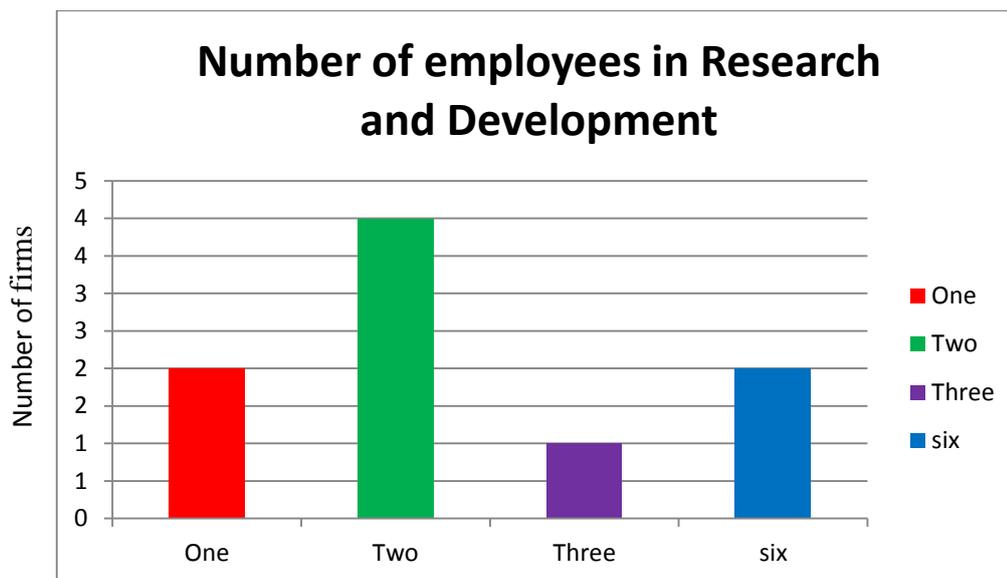
were placed at a point where not many would notice them. He suggested that he could help if I pay him. We made an agreement and with time my cakes started moving fast” Bakery A owner

The findings show that bakeries carry out market sensing in order to be aware of their customer needs, potential market competitors and the general environment in which they operate. This information gives them ideas on how to ensure that they are a step ahead of their competitors, gives them information on the potential market which may be in existence and the general environment which they carry out our business.

The study found that through monitoring the actions of their competitor’s bakeries get a chance of accessing supermarkets.

From the findings of the study, a conclusion can be made that generally bakeries sense the market through gathering information from their customers and monitoring their competitors.

Figure 4.3 Number of employees in research and development team



Number of Employees in the research and Development team

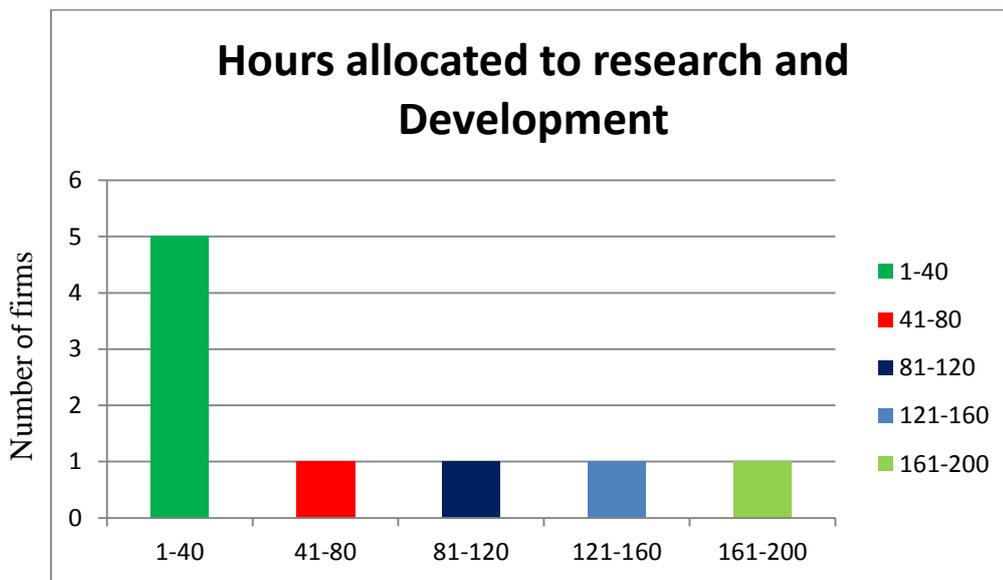
Source: Interview Data, 2017

Figure 4.3 shows the number of employees who carry out research and development. From the chart we note that four the firms have two employees each who are assigned the task of research and development. Two firms have one employee each, another firm has one employee and the remaining two firms have two employees each who carry out research and

development. Therefore the study concludes that majority of the bakeries in the sample have 2 employees in charge of research and development.

The qualitative data collected explains how the bakery employees who gather information do research their own research. They bakeries use questionnaires, suggestion boxes and the customer care attendants at supermarkets to gather information.

Figure 4.4 Number of hours per month allocated to research and development

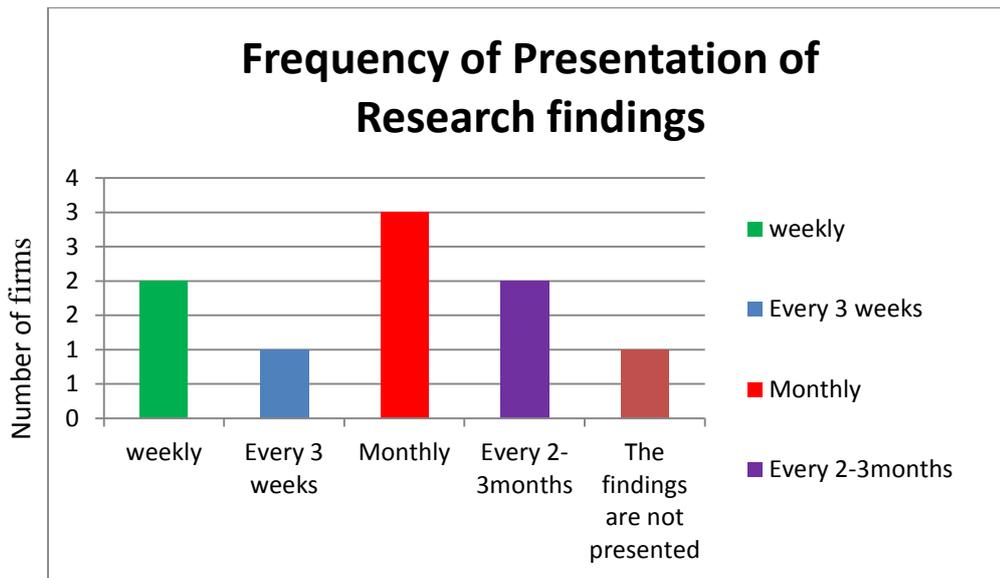


Number of hours allocated to research and development

Source: Interview Data, 2017

Figure 4.4 shows that 5 of the bakeries allocate between 1 and 40hrs to research and developments, one other bakery allocates between 41 and 80hrs., another bakery allocates between 81 and 120hrs, one other bakery allocates between 121 and 160hrs to development and another bakery allocates between 161 and 200hrs per month to research and development. Therefore, by and large majority bakeries dedicate between 1 and 40hrs to research and development.

Figure 4.5 Presentation of research findings



Duration interval which research findings are presented

Source: Interview Data, 2017

Figure 4.5 presents the frequency in which the findings of research are presented by bakeries. From figure 4.8 we find that three of the bakeries have their findings presented monthly while two bakeries present their findings weekly, other two bakeries present their findings every 2-3 months while one other bakery presents its findings every three weeks and another one bakery does not present its findings to the rest of the organization.

The findings indicate that those bakeries which present the findings of their study do so in order to get inputs from everyone in the organization and for the bakery which does not present its findings the respondent who is the owner of bakery A gave the following reason

“I am the one who does the research and I don’t share the findings with the rest of the organization because they are just my employees I fear that they will share my findings and ideas with competitors.” Owner of bakery A

“We have the findings of research presented monthly, the findings are presented to the rest of the employees and after the findings have been presented, we share ideas on ways of making improvement” Bakery B marketing manager

Since only one bakery does not present the finding of their research to the rest of the organization, this study firmly concludes that majority of the bakeries present the findings of their research to the rest. Therefore finding presentation is important for bakeries which have accessed supermarkets.

4.4.3 Customer Relationship Management

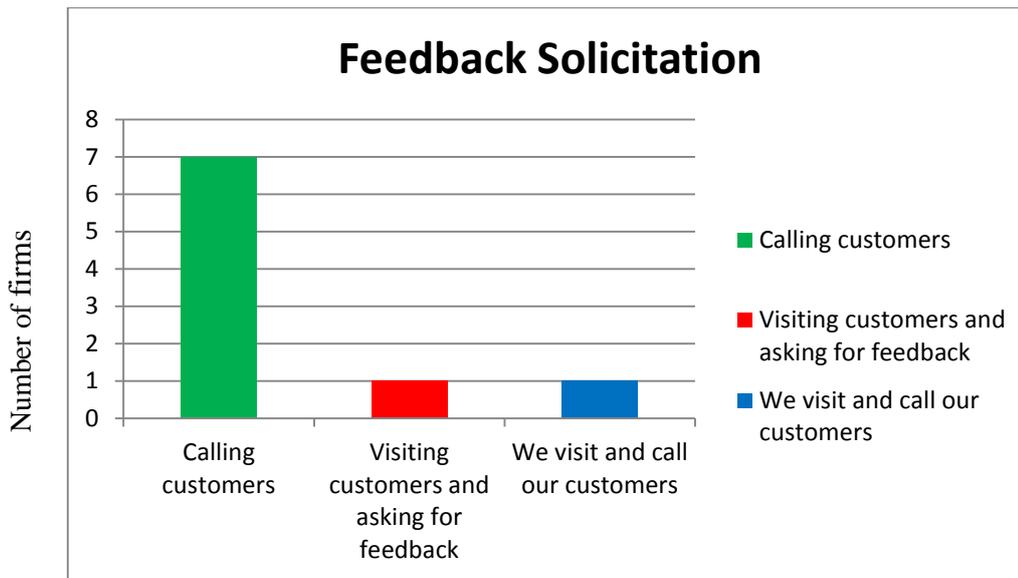
The study found out that all bakeries engage in CRM. The three strategies used by bakeries to carry out CRM were: rewards to customers, soliciting customer feedback and befriending the shelf attendants.

4.4.4 Rewards to Customers

The findings of the study point out that seven of the bakeries reward their customers while two of the bakeries do not reward their customers. The study found out that rewards were given to customers to make them feel appreciated. The rewards came in form of discounts, free T-shirts, caps, cakes and goats. Qualitative data explains why some bakeries don't reward their clients. Two of the respondents stated that they did not reward their clients because they were not yet established and were still new in the market.

Those who did not reward their customers said that they were still establishing themselves first since they were new in the market and could not finance any form of reward. Since seven of the bakeries reward their customers and two do not reward their customers the study can conclude that customer reward is an important factor and is practised by most of the bakeries.

Figure 4.6: Feedback Solicitation



Feedback solicitation techniques

Source: Interview Data, 2017

Figure 4.6 shows how bakeries solicit feedback from their customers. From the chart we note that seven of the bakeries prefer calling their customers in order to get feedback, one of the bakeries call its clients for feedback and one other bakery visits and calls its customers to obtain feedback. Therefore, from figure 4.6 the study strongly concludes that generally bakeries obtain feedback from their customers by calling them.

The qualitative data revealed that bakeries who did not call their clients often because they believed that to ensure good customer relations all they had to do is to ensure that their products are good enough and supply them in good time while the big bakeries called often because they saw it as a tactic they would use to improve their relationship with their customers. Bakery B owner stated that:

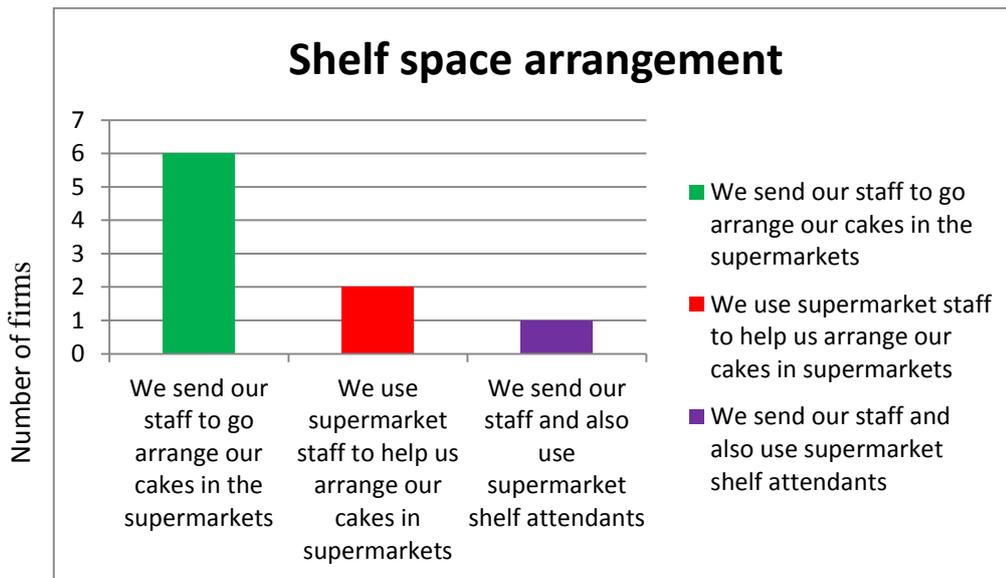
“Calling our customers weekly to inquire of their well-being and solicit feedback on the goods we supplied is a tactic we use to maintain our customers. The customer ends up feeling important and appreciated therefore we believe this strengthens our relationship with them” Bakery B owner

“To retain and maintain a good relationship with our clients we ensure that we supply our products in good time; the products are reliable in that they meet customer expectations and we don’t have any of our products returned on

grounds of expiry, containing a foreign object or deformation. Therefore by doing this our customers remain happy and they obviously want to continue doing business with us.” Bakery A owner

From the findings the study concludes that the most common method of feedback solicitation as recorded by the firms under study is through calling customers.

Figure 4.7 Shelf space arrangement



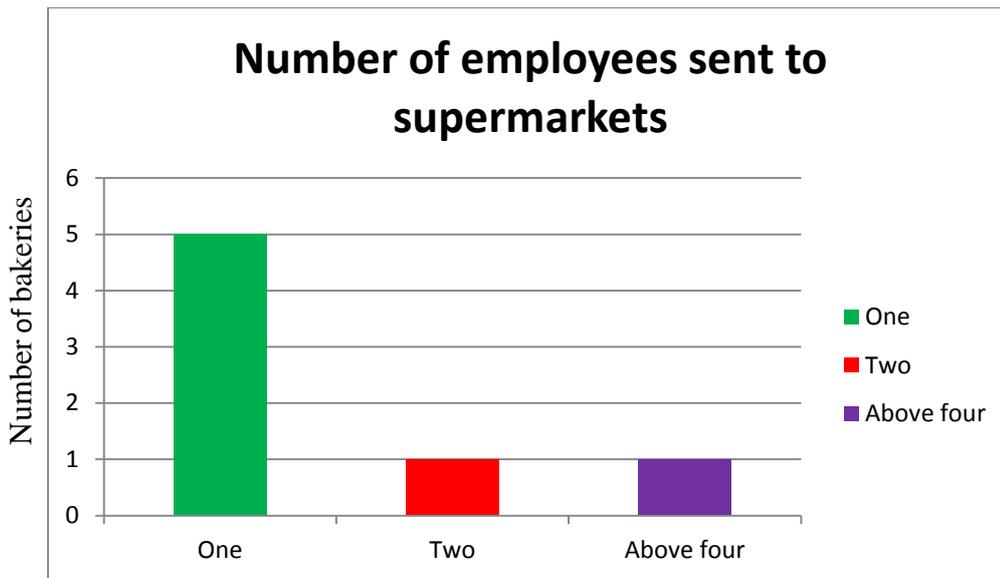
Methods bakeries use to arrange their shelf space

Source: Interview Data, 2017

Figure 4.7 shows that six of the bakeries send their own staff to go arrange their shelf space in supermarkets, two use supermarket staff who help them arrange their shelf space while one uses both supermarket staff and shelf attendants to ensure that their shelf space is arranged well.

The findings therefore indicate that majority of the bakeries send their staff to go arrange their shelf space in supermarkets. In order to ensure good customer relations, all the bakeries ensured that their shelf space was arranged well in a manner that customers could notice their goods. The shelves were arranged by bakery staff or supermarket staff and in some cases both bakery and supermarket staff.

Figure 4.8 Number of employees sent to each supermarket



Number of employees sent to supermarkets

Source: Interview Data, 2017

Figure 4.8 shows that 5 of the bakeries send one employee each to supermarkets, one other bakery sends 2 employees to each supermarket and one other bakery sends over 4 employees to each supermarket to arrange their shelf space.

Therefore it is important to note that generally bakeries send one to each supermarket to arrange their shelf space. Bakeries who sent only one employee gave the reason that they did so because it was expensive to send more people and they also did not want to crowd the supermarkets. Those who send more than one employee aim at ensuring that their products are properly displayed.

4.4.5 Packaging

The findings on the various aspects of packaging are presented in the following table:

Table 4.6: Bakery perception of their packaging

Ratings	Very Poor	Poor	Average	Good	Very Good	Total
Design of the package			1	5	3	9
Quality of Package for product safety				5	4	9
Attractiveness of package label			1	4	4	9

Source: Interview Data, 2017

Table 4.6 shows that 1 bakery was of the opinion that the design of their package is average, 5 are of the opinion that the design of their package is good and 3 opine that the design of their package is very good. In regards to quality of the package for product safety, 5 of the bakeries pronounce the quality of their package as good while 4 term the quality of their package as very good. The bakeries also rated the attractiveness of their package label, 1 of the bakeries opine that the attractiveness of their package label is average, 4 opine that the attractiveness of their package label is a good, while the remaining 4 term their package label as very good.

From the findings presented in table 4.6, I can conclude that majority of the bakeries included in the sample are not confident about the design of their package, quality of their package for product safety and attractiveness of the package label. This implies that their package still needs to be improved.

4.4.6 Change of Package

The study findings show that 7 of the bakeries have ever changed their package and 2 of the bakeries have never changed their package. Therefore, it is important to note that majority of

the bakeries have changed their package before, therefore the study concludes that package change is an important marketing capability.

4.4.7 Networks

The findings of the study point out that some bakeries use networks to access new market while others do not. The study found out that 5 of the bakeries network while 4 of the bakeries do not network.

The study cannot conclusively state the importance or non-importance of networks in accessing supermarkets, since bakeries have been able to access supermarkets regardless of whether they network or not.

4.5 Influence of Marketing Capabilities on supplier inclusion

In this study inclusion of suppliers was measured by allocation of shelf therefore this means that any supplier who has been awarded shelf space by the supermarket has been included in the supermarket supply chain. The influence of marketing capabilities on inclusion of suppliers is going to be organized in the following sub headings: influence of market sensing on supplier inclusion, influence of CRM on supplier inclusion, influence of packaging on supplier inclusion and influence of networks on supplier inclusion and inclusion of suppliers into supermarkets.

4.5.1.1 Influence of market sensing on inclusion of bakery suppliers by supermarkets

The study findings show that market sensing influences a bakery supplier's inclusion into supermarket. This can be pegged on activities that bakery suppliers carry out to access supermarkets and retain the shelf space they have been allocated. These activities are: monitoring competitor's activities, using shelf attendants and merchandizers to gather information and employing researchers to gather information from customers and potential customers. Through practicing these activities bakeries gain a slot in the shelf space of supermarkets enabling them to continue being in business. The findings of this study correspond with those of Genc, Ozbag and Esen (2013) who found out that through marketing sensing firms can interact with customers leading to high levels of product capabilities as the firm benefits from market intelligence and customer feedback. Through market sensing the bakeries find out what customers like and identify existing business opportunities.

The study found that through market sensing big bakeries owners who did not manage to get shelf space in supermarkets were buying small bakeries that had accessed supermarkets. The big bakeries retained the name of the small bakery and continued supplying the supermarket under the same name. They package in the same package as before. Through market sensing Bakery B was able to identify and buy two bakeries which were supplying supermarkets which had denied them access. The marketing manager of bakery B stated that:

“The first supermarket we accessed was Supermarket Y. After sometime we realized that we needed to grow and the only fast way we could do that was by increasing our sales to supermarkets. We approached other supermarkets to no avail. Eventually we decided to buy a bakery which was supplying two other big supermarkets in Kenya. This was after we had done our own research and identified that the products of that bakery were fast moving. The cost of the bakery was around one million, three hundred thousand Kenya shillings. It was however worth it because we were able to triple our sales from 800 pieces to 2400 pieces a day. Again after about a year we wanted to increase our sales and we approached another big supermarket which denied us shelf space. We decided to again buy another small bakery which was supplying the supermarket.

Therefore as of now the cakes that come from our bakery are packaged in three different packages which have three different names but it is the same product just packaged differently and supplied to different supermarkets” Bakery B owner.

The study findings therefore indicate that it is not easy to have a suppliers products allocated shelf space in supermarkets, consequently, in some instances the bakeries are forced to employ other tactics such as buying another supplier’s brand.

4.5.2 Influence of CRM on supplier inclusion

The study found out that CRM practices such as rewarding customers, responding to customer complaints, calling customers, visiting customers and befriending the shelf attendants strengthened the relationship between bakeries and the supermarkets. Through CRM, the bakeries are able to keep their customers happy and meet their expectations. The findings of this study confirm Xu and Walton (2005) argument that firms employ CRM in their operations because CRM comes with benefits such as improving customer satisfaction level, attracting new customers, improving the lifetime value of customers and retaining

existing customers. Xu and Walton (2005) go farther ahead to mention that CRM increases competitive advantage of a firm. The findings of this study show that big bakeries engage in more CRM practices than small bakeries an assumption can therefore be made that this is due to the fact that big bakeries have a competitive advantage over small bakeries.

4.5.3 Influence of packaging on supplier inclusion

The findings of the study show that bakeries believe that they have established a strong relationship between product packaging and supplier inclusion. They opine that the package of the cake is the first impression of the product customers get when they look at the product. They suggest that the package of the cake can either attract a client to buy the cake or turn the client away. This is the reason why 7 of the bakeries surveyed have changed their package. Bakery A and Bakery B owner stated that:

“Initially when we started selling cakes we just sold our product on plain papers then added printed stickers which had our bakery name and details. However as time went by we changed our package by adding a logo. We also started printing the packaging bags and abandoned the printed sticker but retained our colours. Immediately we changed our package our sales doubled. We believe our sales doubled because people find our products more presentable and of high quality as. Constant interaction with our customers has proven that customers associate product quality to product package in that the more presentable the package, the higher the quality of the product” Bakery B owner.

“Initially our logo was smaller and the details of our name and address were also written in a small font. However we soon found out from the shelf attendants that customers were complaining that they were struggling to read the writings on our cakes from the supermarket shelves. Therefore we changed that and we have realized an increase in sales ever since we did that” Bakery A owner.

The findings of this study correspond to those of Kellogg (2017) and Raheem et al. (2014), Mohebi (2014) who found out that packaging is a powerful tool that has great influence on a customer’s buying decisions and it gives a firm a competitive edge over others. In this study well packaged products were proven to be fast moving as opposed to those which were not well packaged.

4.5.4 Influence of Networks on Supplier Inclusion

The study shows that networks influence bakeries both positively and negatively. The study found that 5 of the bakeries network to access new market while 4 of the bakeries do not network to access new market. Bakeries that networked in order to access new market were 5 in number and they mainly networked with supermarkets, consumers and other complementing businesses. They generally gave the following reason for belonging to a network.

“Through networks we have been able to increase the number of customers we have and consequently we have increased our sales” Bakery C, E, and H owners.

On the other hand the other 4 bakeries did not network to access new market. To explain the reason why they didn't network, two of the bakeries gave the following reasons:

“We believe that our product speaks for us, if the product is good then it will definitely sell therefore we wouldn't wish to get a customer through a network, simply because, if the network cut link with us our supply to the customer might be cut” Bakery A owner.

“One of our customers helped us get a contract to supply cakes in a certain school. After some time our network started demanding for payment stating that we owed him because were it not for him, we wouldn't have been able to supply that school. Eventually we had to pay him because it was clear that if we didn't we would end up losing the contract to supply the school since he was a very close friend of the school owner. Ever since we don't depend on networks. We prefer making our own deals with customers and approaching them on our own without an intermediary” Bakery B owner

4.5.5 Inclusion of suppliers in supermarkets

In this study inclusion of suppliers in supermarkets was measured in terms of allocation of shelf space to the suppliers. The findings of this study show that the most important factor that supermarkets consider when it comes to the size of shelf space they allocate to suppliers is the speed at which a supplier's product is moving. The fast moving products are allocated a larger shelf space while the slow moving products are allocated a small shelf space. One of the supermarket respondents stated that:

“We allocate shelf space depending on the percentage of sales. If a supplier’s sale is 30% of our total cake sales then we allocate him 30% of the shelf space. Therefore the percentage sales are proportional to the shelf space allocated”
Supermarket Y Procurement Manager.

The study findings show that other factor supermarkets consider when it comes to size of the shelf space they allocate to suppliers is the price margin of the product. The price margin is the difference between what the product actually cost them and the actual price they are selling it for. The higher the price margin the larger the shelf space a supplier is allocated. However, price margin is not a stand-alone factor; it has to be backed up by speedy sales. This means that inasmuch as the price margin of a product may be high, the product also has to be fast moving. Having a product which has a high price margin but is slow moving wouldn’t be of any benefit to both the supermarket and the supplier, since the supermarket will not be able to recover its money quickly and the supplier might end up making losses because the longer the product stays on the shelf, the nearer its expiry date. One respondent stated that:

“Another important factor we consider when allocating shelf space for bakery products is the price margin of the product, so if a product is fast moving and has a higher price margin we allocate it a larger shelf space”. *Supermarket X supply chain officer, food division*

The study findings point out that the third factor supermarkets consider when allocating shelf space is payment of the shelf space by the supplier. It is not a requirement by the supermarkets that suppliers pay for shelf space but there are suppliers who prefer pay for shelf space just to get a larger shelf space. They make an agreement with the supermarkets in that their product should occupy a certain percentage of the shelf space at all times and in return they pay the supermarkets, for instance one supermarket procurement officer stated that:

“We have joint Business plans with suppliers whose goods are fast moving and have done business with us for more than three months. In this plan we agree on the amount of shelf space a supplier will be allocated monthly. For instance, there is a supplier we have allocated 60% of the shelf space. This supplier sends his merchandizers from time to time in order to ensure that we have indeed kept the

deal in that their cakes have occupied 60% of the shelf space”. Supermarket X supply chain officer, food division

The study also found out that some suppliers not only pay for the shelf space but also pay for a strategic spot on the shelf they want their products to be located. They choose this specific spot because this is where they believe the product will be easily noticed by the customers, therefore their products will move faster. These types of suppliers not only have the advantage of a larger shelf space but also a strategic position on the shelf.

“There are suppliers who prefer to pay for shelf space just to ensure that their products are not only located on a larger space than the rest but also to ensure that their products are located at a strategic place where anyone can be able to identify them. On the shelf which we display baked products there are central positions which allow products to be easily identified as opposed to those located either on lower shelves or on the edges of the shelf”. Supermarket Z Branch Manager

The finding of this study reinforce the argument of Chisoro and Nair (2017) who argue that the position of goods on the shelf space is critical as it determines how successful suppliers are at selling their products. They further argue that it is difficult for new supplier entrant to access a nice slot on the shelf as these slots are normally taken up by dominant suppliers. Chisoro and Nair (2017) further argue that those suppliers who are willing to pay for shelf space have confidence in the quality of their goods and their ability to supply supermarkets.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the previous chapter a discussion of the study findings of the four research questions was presented. The previous chapter also shows how the findings of the study connect with the literature and theory. In this chapter, a summary of the main findings are discussed, then a conclusion is drawn based on the findings. This chapter also proposes recommendation for further research.

5.2. Summary of the Main Findings

The findings of the study reveal that the most important criteria supermarkets use to select suppliers are product quality, return policy, product reliability and legal certification. The study further established variations in the way the supermarkets viewed reliability of the supplier and product promotion as criteria for selection of cake suppliers. The big supermarkets did not put so much emphasis on the reliability of the supplier as they assumed that in regards to power relations, the suppliers need the supermarkets more than the supermarket need them therefore they would definitely do whatever they could to ensure that they are reliable. Reliability of suppliers was measured in terms of delivery of the cakes in good time.

On the other hand the medium supermarket is so strict on reliability. In regards to product promotion, two supermarkets, (one big, one medium) selected suppliers on the basis of product promotion on the other hand for the other big supermarket product promotion was not important. The study found that the other criteria the supermarkets use to select suppliers were price and name of the product. In as far as price was concerned the supermarkets preferred a product whose price was not way above or way below the price range of other products. In regards to the name of the product they only chose a product which did not have a name conflicting with the name of other products.

The study found that the size of the shelf space allocated to suppliers depends on the speed at which their goods move, the price margin of their goods and payment of the shelf space by the supplier.

The other finding that is noteworthy is that bakeries carry out CRM and consider it an important marketing capability that enables them access supermarkets and retaining their shelf space in those supermarkets. In regards to CRM activities the study concludes that bakeries have two employees who carry out of research and development, these employees dedicate between 1 and 40hrs monthly to research and development and the findings of the research and development are presented to the rest of the organization.

The marketing techniques used by bakeries are gathering information from their customers and monitoring their competitors. The study established that supermarket shelf attendants, bakery merchandizers and researchers were the ones who carried out market sensing. It was established that through market sensing bakeries were able to buy other small bakeries which had already accessed supermarkets.

It is important to note that generally bakeries send one to each supermarket to arrange their shelf space. They stated that they only sent one employee since it was expensive to send more people and they also did not want to crowd the supermarkets.

It was established that the package of the cake was an important marketing capability for any bakery as it was the first interaction the customer had. The package of the product also communicated volumes about the quality of the product as a well packaged product was considered to be of high quality and a poorly packaged product was considered to be of low quality.

5.3 Conclusions

The study concludes that marketing capabilities play a key role in securing shelf space for bakery suppliers in supermarkets. The bakeries get included in supermarkets by engaging in the following.

Firstly, bakeries carryout market sensing to identify potential customers, they find out which supermarket can supply and if the supermarkets deny them a chance to supply them they find out which supplier would be willing to sell their business to them. Through market sensing the bakeries get to know how they can improve their cakes in order to serve the needs of the customers. Secondly through CRM the bakeries can maintain a good relationship with the supermarkets and other customers thereby securing their slot in the supermarket shelves. Thirdly the study findings confirm what is echoed in literature that the package of a product is the first impression of the product the customers get. Therefore it is important for cake

suppliers to ensure that they package their cakes well in order to attract customers especially those who have never tasted the cakes before.

Lastly, the study concludes that it is important for suppliers to ensure that the quality of their products is high, they have a goods return policy in place, their products are reliable and that their products are legally certified. This is because the study found out that the four most important criteria supermarkets use to select suppliers are: product quality, return policy, product reliability and legal certification.

5.4 Recommendations

5.4.1 Bakeries and Supermarkets

The study recommends that bakeries should focus on and allocate resources for CRM, market sensing and packaging in order to access supermarkets. In regards to CRM, bakeries should increase the number of bakery attendants they send to supermarkets and make more follow-up calls in order to get feedback on their goods. Market sensing should incorporate more of research and development in order to identify potential and underserved markets. Bakeries should be innovative about their package and ensure it meets market demands.

This study recommends that there should be a standard contract between bakeries and supermarkets that lays down the terms and conditions for allocation of shelf space. The contract should define the amount of space, location and period a bakery gets from the supermarkets. Further to this the contract should stipulate whether or not space is paid for and how much space bakeries gets for certain amount.

The study also recommends that supermarkets should lay down specific criteria they use to select bakery suppliers. This will aid bakeries in knowing the specific criteria each supermarket uses and therefore bakeries would work towards meeting these criteria.

5.4.2 Recommendations for future Research

The study draws a few recommendations which have been arrived at after going through the literature that exists and the findings of this study then making a comparison between the two. The study recommends the following, Firstly; future researchers should focus on establishing the criteria small supermarkets use to select suppliers and maybe make a comparison between the criteria small and big supermarkets use to select suppliers.

This is because existing literature reveals gaps in literature regarding the criteria small supermarkets use to select suppliers. Secondly, the study recommends that future researchers should focus on including a larger number of bakeries which are of different sizes to allow for generalizations. Thirdly, the study recommends that future studies should focus on the issue of sustainability, in that once the suppliers have accessed supermarkets what should they do? This study mainly focussed on the suppliers accessing supermarkets and not whether the marketing capabilities would actually ensure that they continue accessing supermarkets.

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APPENDICES

Appendix I: Respondent Interview guide

Hello. My name is Rosebella Nyumba, a post graduate student at the Institute for Development Studies (IDS) of the University of Nairobi. I am in the final stage of my MA-writing my dissertation. My research is on marketing capabilities and inclusion of bakery suppliers in supermarkets you have been selected a respondent. Your views are highly valuable and will be useful in the completion of this study. I would appreciate if you spare about 40 minutes to answer some questions. Your identity will remain confidential as well as everything you tell me. The data collected will be used to inform my Master of Arts project and no other purpose. Your cooperation is highly appreciated.

Details of the Informant

Name	
Profession	
Contact	

Interview Guide

1. Explain how you consider the amount of shelf space allocated to each client?
2. Comment on the suppliers you have on your procurement list but are not supplying you at the moment.
3. How do you measure and perceive quality when it comes to selection of bakery suppliers?
4. Do you consider reliability of suppliers and reliability of their products important when it comes to selection of suppliers?
5. Does customer feedback contribute to the selection of you bakery suppliers? If yes why is it important?
6. What considerations do you have on return policy as a basis for selection of bakery suppliers?
7. What is your perception on product promotion as criteria for selection of bakery suppliers?
8. Which legal requirements do you consider when it comes to selection of bakery suppliers?

9. Comment on the packaging of bakery products found in your supermarket.
10. Apart from the criteria we have discussed are there any other criteria you use to select suppliers?

THE END

Thank you for participating in this study.

Name of Interviewee:

Date of the Interview

Supermarket

Appendix II: Interview Guide

Hello. My name is Rosebella Nyumba, a post graduate student at the Institute for Development Studies (IDS) of the University of Nairobi. I am in the final stage of my MA-writing my Project Paper. My research is on marketing capabilities and inclusion of bakery suppliers in supermarkets you have been selected as a respondent. Your views are highly valuable and will be useful in the completion of this study. I would appreciate if you spare about 40 minutes to answer some questions. Your identity will remain confidential as well as everything you tell me. The data collected will be used to inform my Master of Arts project and no other purpose. Your cooperation is highly appreciated.

Details of the Informant

Name	
Profession	
Contact	
Name of Enterprise	

Interview Guide

1. How would you describe your experience as far as accessing supermarkets is concerned?
2. In what ways do networks contribute to market access?
3. How do you learn about potential customers and competitors?
4. Explain why you interact with your customers before, during and after sales?
5. Describe the activities you engage in to facilitate interaction with your customers?
6. How do you maintain and retain a good relationship with your customers?
7. What is the colour of your package and why did you choose that colour?
8. What factors do you consider when it comes to quality of your package with regards to product safety?
9. How has package change contributed to your total sales?

Appendix III: Survey Questionnaire

Hello. My name is Rosebella Nyumba, a post graduate student at the Institute for Development Studies (IDS) of the University of Nairobi. I am carrying out research on marketing capabilities and inclusion of bakery suppliers in supermarkets your bakery has been selected for the survey. I would appreciate if you spare about 40 minutes to answer some questions. Your identity and the information you volunteer will remain confidential. The findings of the study will be used in an M.A. Project Paper and therefore your cooperation is highly appreciated.

A. BASIC DETAILS OF THE RESPONDENT

1	Name of the Respondent	
2	Position in the enterprise	
3	Number of years in the enterprise	
4	Date of the Interview	

B. GENERAL INFORMATION ABOUT THE ENTERPRISE

6	Name of the enterprise	
7	Year of establishment	
8	Number of years the business has been operational	
9(a)	Location of the business at start-up	
9(b)	Current location of the business	

10. Please give us some basic characteristics of your firm. (Indicate the total in terms of whole numbers)

Number of Employees	Number of bags of flour used per day	Number of days you open in a week

C. MARKETING CAPABILITIES OF THE BAKERY

I. Networking

11a) Do you network in order to access new market?

1= Yes

2= No

11b) If yes who do you network with

1. Supermarkets

2. Complimenting businesses

3. Consumers

4. Bakeries

5. Other (specify)

11c.) indicate the number of years the network has lasted. (Tick where applicable)

Category	Number of Years network has lasted			
	1-5	5-10	10-15	Above 15
Supermarkets				
Complimenting Businesses				
Consumers				
Bakeries				

11d) If you don't network, give reason why

11e) Is there anything else about networks that I haven't covered and you think is important?

II. Market Sensing

12 a). Do you make any efforts to sense the market?

1= Yes

2=No

12b) How If yes how do you do it?

12c). Do you have a research and development team that investigates your customers, competitors and the general environment which you operate in?

1=Yes

2= No

12d). If yes how many hours per month does the department allocate for the task

1. 0-40hrs

3. 81-120hrs

2. 41-80hrs

4. 121-160hrs

5. 161-200hrs

12e). How many employees do you have in the research and development department?

1. One

2. Two

3. Three

4. Four

5. Five

6. Six

12f). How often do you have the findings of research done by the marketing department presented to the rest of the organization?

1. Weekly

2. Every 3 weeks

3. Monthly

4. Every 2-3 months

5. Annually

6. The findings are not presented

12g) Is there anything else about market sensing that you would like to share?

13i) How many calls do you make and how often are the calls

1. One call per week 2. One call per month

3. 1-4 calls monthly 4. 8-12 calls monthly

5. Any Other.....

13j) How many visits do you make?

1. 1-4 visits a month 2. 1-4 visits every quarterly

3. 1-4 visits every 6 months 4. 1-4 visits a year

5. Any Other.....

14a).Do you reward your clients in any way?

1=Yes

2= No

14b) Give reason for your answer

14c) If you reward how do you reward them

15) Is there anything else about Customer Relationship Management that you would like to share

Packaging

16a). Please give details regarding you packaging by ticking where applicable.

	Package Variable	Very Poor	Poor	Average	Good	Very good
1.	Design of the package					
2.	Quality of the package for product safety					
3.	Attractiveness/brightness of the package colour					
4.	Presence or absence of logo on the package				Yes	No

17) Is there anything else about Customer Relationship Management that I haven't covered and you think is important?

17a) Have you ever changed your package or any detail on your package?

17b) Give reason for your answer above?

17c) Did you realise any change in sales once you changed your package?

18) Is there anything else about packaging that you would like to share?

THE END

THANK YOU FOR TAKING YOUR TIME TO PARTICIPATE IN THIS STUDY!

Appendix IV: Citations

“We regard product quality as a very important criterion when it comes to selection of our suppliers. It is not only important when it comes to selection of cake suppliers but all suppliers. We have our own team which is in charge of checking the quality of our products. One of the things customers look out for is quality and in most instances the sale of a product is determined by its quality.

On quality we look at: the shelf life of a product, the longer the shelf life, the higher the quality of that product, KEBS sticker on the product, the ingredients used to make the product especially the sugar content, the more the % of sugar used to make the product the faster the product expires therefore we prefer products with a moderate sugar level”.
Supermarket Z Branch Manager

“We return goods that have got three days to expiry, we call the supplier and ask them to come and pick up those products, the supplier then decides whether to replace those products that are about to expire with fresh ones or not depending on how fast his products are moving. In some cases they just issue a credit note for goods which are about to expire”.
Supermarket Y Procurement Manager

“As far as reliability of the product is concerned we are keen to ensure that the products are always of the same agreed weight and taste as initially agreed. Therefore we do spot checks on the product to check on its taste and measure the weight of the products on delivery.”
Supermarket Y Procurement Manager

“We only deal with suppliers whose products comply with legal certification requirements. This is because we cannot afford to be in trouble with the law; this might cause us our business.” Supermarket Z Branch Manager

“Before we select a supplier we normally ask them if they are able to supply all our branches within the required lead time. So far the suppliers we have supply us within the required time, this may be linked to the fact we pay them after 30 days and for us to make the payment, and they must have done the supply”. Supermarket Y Procurement Manager

“We give preference to suppliers who are ready to do promotions because we believe that through promotions many people get to know about the product and this increases the chances of sale for these products. Therefore one of the questions we ask prospective bakery suppliers is whether they have a budget set aside for product promotion”. Supermarket Y Procurement Manager.

“We do not select suppliers on the basis of whether they conduct product promotion or not however, we encourage the supplier to carry out product promotion especially if: his product is new in the market or it’s an existing product which has suddenly reduced in number of sales. The most common forms of product promotion the suppliers carry out are: buy one get one free, a reduction on the price and product upselling which includes tasting the product”.
Supermarket X supply chain officer food division

“We do not select suppliers on the basis of whether they conduct product promotion or not however, we encourage the supplier to carry out product promotion especially if: his product is new in the market or it’s an existing product which has suddenly reduced in number of sales. The most common forms of product promotion the suppliers carry out are: buy one get one free, a reduction on the price and product upselling which includes tasting the product”. Supermarket Z Branch Manager.

“We allocate shelf space depending on the percentage of sales. If a supplier’s sale is 30% of our total cake sales then we allocate him 30% of the shelf space. Therefore the percentage sales are proportional to the shelf space allocated” Supermarket Y Procurement Manager.

“Another important factor we consider when allocating shelf space for bakery products is the price margin of the product, so if a product is fast moving and has a higher price margin we allocate it a larger shelf space”. Supermarket X supply chain officer, food division

“We have joint Business plans with suppliers whose goods are fast moving and have done business with us for more than three months. In this plan we agree on the amount of shelf space a supplier will be allocated monthly. For instance, there is a supplier we have allocated 60% of the shelf space. This supplier sends his merchandizers from time to time in order to ensure that we have indeed kept the deal in that their cakes have occupied 60% of the shelf space”. Supermarket X supply chain officer, food division

“There are suppliers who prefer to pay for shelf space just to ensure that their products are not only located on a larger space than the rest but also to ensure that their products are located at a strategic place where anyone can be able to identify them. On the shelf which we display baked products there are central positions which allow products to be easily identified as opposed to those located either on lower shelves or on the edges of the shelf”. Supermarket Z Branch Manager

“We befriend supermarket shelf attendants who carry out market sensing for us. They talk to customers who come to the supermarket to buy our competitors cakes. They enquire why the customers prefer our competitors cakes, especially if they have ever tasted our cakes” Bakery B owner

“If many customers are of the opinion that our cakes are for example not as soft as those of our competitors and are more sugary and that’s the reason why they don’t buy our cakes, we normally make a point of buying our competitors product and tasting it to try and find if it’s actually better than ours. If that’s the case, if the number of customers who are of the same opinion is high we make the necessary changes by making softer and less sugary cakes” Bakery B owner.

“When I first started supplying supermarkets I used to wonder why my cakes were moving so slowly, I used to send my family to go and purchase the cakes so as to secure my space in the shelf. However I noticed that this went on for long so I approached the shelf attendants at the supermarket and he told me that my cakes were placed at a point where not many would notice them. He suggested that he could help if I pay him. We made an agreement and with time my cakes started moving fast” Bakery A owner

“Calling our customers weekly to inquire of their well-being and solicit feedback on the goods we supplied is a tactic we use to maintain our customers. The customer ends up feeling important and appreciated therefore we believe this strengthens our relationship with them” Bakery B owner

“To retain and maintain a good relationship with our clients we ensure that we supply our products in good time; the products are reliable in that they meet customer expectations and we don’t have any of our products returned on grounds of expiry, containing a foreign object or deformation. Therefore by doing this our customers remain happy and they obviously want to continue doing business with us” Bakery A owner” Bakery A owner

“The first supermarket we accessed was Supermarket Y. After sometime we realized that we needed to grow and the only fast way we could do that was by increasing our sales to supermarkets. We approached other supermarkets to no avail. Eventually we decided to buy a bakery which was supplying two other big supermarkets in Kenya. This was after we had done our own research and identified that the products of that bakery were fast moving.

The cost of the bakery was around one million, three hundred thousand Kenya shillings. It was however worth it because we were able to triple our sales from 800 pieces to 2400 pieces a day. Again after about a year we wanted to increase our sales and we approached another big supermarket which denied us shelf space. We decided to again buy another small bakery which was supplying the supermarket.

Therefore as of now the cakes that come from our bakery are packaged in three different packages which have three different names but it is the same product just packaged differently and supplied to different supermarkets” Bakery B owner.

“Initially when we started selling cakes we just sold our product on plain papers then added printed stickers which had our bakery name and details. However as time went by we changed our package by adding a logo. We also started printing the packaging bags and abandoned the printed sticker but retained our colours. Immediately we changed our package our sales doubled. We believe our sales doubled because people find our products more presentable and of high quality as. Constant interaction with our customers has proven that customers associate product quality to Product package in that the more presentable the package the higher the quality of the product” Bakery B owner.

“Initially our logo was smaller and the details of our name and address were also written in a small font. However we soon found out from the shelf attendants that customers were complaining that they were struggling to read the writings on our cakes from the supermarket shelves. Therefore we changed that and we have realized an increase in sales ever since we did that” Bakery A owner.

“We believe that our product speaks for us, if the product is good then it will definitely sell therefore we wouldn’t wish to get a customer through a network, simply because, if the network cut link with us our supply to the customer might be cut” Bakery A owner.

“One of our customers helped us get a contract to supply cakes in a certain school. After some time our network started demanding for payment stating that we owed him because were it not for him, we wouldn’t have been able to supply that school. Eventually we had to pay him because it was clear that if we didn’t we would end up losing the contract to supply the school since he was a very close friend of the school owner. Ever since we don’t depend on networks. We prefer making our own deals with customers and approaching them on our own without an intermediary” Bakery B owner

“Through networks we have been able to increase the number of customers we have and consequently we have increased our sales” Bakery R, T,E owner.