

**SOURCES OF SUPPLY MARKET INTELLIGENCE IN STRATEGIC
SOURCING AMONG SUPERMARKETS IN KENYA:
A CASE STUDY OF TUSKYS SUPERMARKET**

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DECLARATION

I declare that this research project is my original work and it has never been presented to the University of Nairobi or any other institution for any degree or any other academic award.

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I confirm that the work reported in this research project has been carried out by the candidate under my supervision.

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DEDICATION

To my beloved family

ACKNOWLEDGEMENT

Glory and honor to The Almighty God for the gift of life.

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ABBREVIATIONS AND ACRONYMS

BIS	Business Intelligence Systems
CPA	Customer Perception Audits
CSI	Customer Service Index
DCA	Dynamic Capabilities Approach
EWA	Early Warning Alerts
ICT	Information Communication Technology
MIS	Market Information Systems
RBV	Resource Based View
SC	Supply Chain
SCI	Supply Chain Intelligence
SCM	Supply Chain Management
SMI	Supply Market Intelligence
SRM	Supplier Relationship Management
SRM	Supplier Relationship Management
SS	Strategic Sourcing
TQM	Total Quality Management
USA	United States of America
VCM	Value Chain Management
VMI	Vendor Managed Inventory

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ABSTRACT

The norm of business and its environment is rapidly changing. Today, a number of factors including internationalization, artificial intelligence, diminishing resources, decreasing markets, increased substitutes, ever advancing technology and increased consumer awareness are dictating competitive advantage. Literally every dimension of thoughts is put into practice and as result all manner of imaginations are converted into business ideas. All factors these when combined produce a market force that stretched the competitive advantage to the next higher level. A level that many businesses must struggle to attain. Consequently, then many firms are now capitalizing on a number of smart services and practice. While other are widening by use of collaborations and diversification, some are aligning themselves towards supply market intelligence which in is turn used to enable strategic sourcing for effectiveness and efficiency. To obtain supply market intelligence, firms must invest in systems that detect and investigate random needs. These systems are known as supply market intelligence sources and they include peer companies, advisory programs and request of information, supplier interview, supplier relationship management and performance reporting among others. The use of such sources enhances the ability to identify the best supplier partner who can actually help roll out the competitive perspectives of cost, quality, schedule and timing, risk management and effectiveness and efficiency. The assumption herein is that if a source or a pool of sources can be able to create an environment from which the competitive perspectives can be translated into the strategic sourcing then competitive advantage can easy be attained. This study is based on such understanding. It investigates on the supply market intelligence sources used in strategic sourcing by supermarkets in Kenya. The study takes a case study research design on Tusksys Supermarket Limited. Using content analysis, the study established that peer companies, advisory programs, request of information, supplier interview, supplier relationship management and performance reporting sources are used to obtain supply market intelligence. The study further identifies substantive influence of the sources on the strategic sourcing process and outcome. Findings also indicated a number of challenges associated with the sources. However, most of the challenges are categorized as controllable. The study concludes that supply market intelligence has high influence on strategic sources. The study has two limitations. The first one is on the use of few supply market intelligence sources when there exists a pool from which most supermarkets apply. The second limitation is on methodology. The study utilized qualitative analysis rather than a quantitative approach: Quantitative approach can aid in establishing a quantified influence of the sources on strategic sourcing. The study suggests for further research using quantitative approach and involving all sources of supply market intelligence.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The complexity and competitiveness of the modern marketplace, brought about by globalization and technological dynamics are extensively researched (Toolkit, 2010). These trends are critical to the sourcing decisions of firms who must re-think their sourcing practices, by adopting market-focused procurement, information management initiatives such as market supply chain intelligence (SCI), and strategic sourcing which are fundamental departures from the traditional purchasing strategies (Ngunyi, 2011).

Organizations desire to provide total low-cost solutions to their respective customers, besides being competitive (Ngunyi, 2014). As such they re-evaluate and continuously improve their purchasing activities to achieve their objectives. The organizations not only look for the best supplier for the services or goods, but also look internally for the best big picture solution considering the cost involved in buying and owning goods while making their operations leaner (Alliance, 2009). As the firms continue to run leaner than ever and operate on smaller budgets, supply management teams are being asked to develop strategic sourcing plans that would enable the firms attain increased efficiencies from supply chains. This study would determine whether establishing dedicated supply market intelligence would enable the supply management teams to develop strategic sourcing plans that would enable the firms to achieve efficiencies from supply chains.

Strategic sourcing framework enhances the firm's operational effectiveness in procurement and supplies management through; promoting a value-added procurement, with a long-

term supplier relationship and profit-focus (Smock, Rudzki, & Rogers, 2007). Value addition will arise from the ability of strategic sourcing to select suppliers who meet the organization's procurement priorities so as to eliminate or minimize uncertainties around the supply chain. Sustainability of long-term relationships with suppliers enforces value cooperation between the organization and its suppliers. A firm that can realize these deliverables can attain a "competitive advantage" (Su, 2013).

1.1.1 Strategic Sourcing

Strategic sourcing refers to a predetermined, careful evaluation and selection of an entity's suppliers, based on criteria such as cost, quality, timeliness, dependability for supply chain efficiency and effectiveness (Ayoi & Odunga, 2015). According to Parotiang (2016), strategic sourcing synchronizes supplier capabilities and the organizational goals, facilitates a cost-effective, lean and risk minimal procurement, enforces buyer-supplier cooperation and collaboration (Linden & Schalen, 2012).

Strategic sourcing assures the organization of favorable buying price. This benefits the organizations bottom line quality through enabling it to meet its quality standards and also minimize the cost incurred to attaining quality. Companies should also focus on technology that is reliable, market-focused and flexible to the unforeseen changes to minimize supply chain risks unlike using the traditional purchasing systems which did not assess supplier capabilities adequately before procurement decisions were made (York, 2014). With sourcing consisting of up to 60-80% of a product end cost, companies that don't have a strategic sourcing plan are setting themselves up for failure (Fuchs, Pais & Shulman, 2013).

York (2014) posits that that modern strategic sourcing is hinged on four critical pillars that

include; the spend analysis, the automated sourcing functionality, the contract management system and the supplier management system. The spend analysis describes the processes and tools for organizational spend data gathering and analysis for decision making. The automated sourcing functionality provides a consolidated basis for supply optimization and value creation, through the identification, evaluation and implementation of the sourcing processes from initiation to settlement. The contract management system hosts the buyer-supplier contractual agreement documents, which act as a reference point, used to evaluate the conduct of the supplier's conduct against the said agreements. The supplier management system on the other hand assists the sourcing teams to ensure that the suppliers deliver timely and cost effectively. These four pillars are supported by supply market intelligence which act as a source of information.

To successfully implement strategic sourcing, companies must know their most important goods and services and determine how vital they are to day-to-day operations, as well as to achieving longer-term business goals. Strategic sourcing takes on a new approach of collaboration of constituents across supply chain to better serve downstream customers that would result in enhancing longer-term profit enhancement (Akio, 2005). Notwithstanding the transformation, strategic sourcing concept has had on procurement and supplies management. The rate of adoption and use of technology by supermarkets remain low due to the high costs involves in purchasing and maintaining the technology (Kisyula, 2015). Owing to its dynamism, the technology adopted also requires a continuous monitoring of the changes in strategic sourcing strategies which means additional costs (Yang, 2010).

1.1.2 Sources of Supply Market Intelligence

Supply market intelligence (SMI) is a repetitive process, which gathers, analyzes and disseminates supply market knowledge (insight), for strategic procurement (Jamil, 2013; Vernaas (2014) It is consistent with the strategic objectives of a firm; attainment of competitive advantages, growth in market share; financial performance; cost reduction; innovativeness, where prior market information (insight) acts as the spring board to attaining the said objectives.

The SMI framework aims at transforming competitive supply market information into valuable intelligence, to identify opportunities and threats timely (Guntram, 2013). The market players within the supply chain desire maximum benefits. Entrepreneurs seek a favorable bottom line, as consumers pursue maximum satisfaction of their needs. However, the former faces an intense competition for market share, especially in liberalized economies, where business activities are underpinned on best business practices. For this reason, the ability of an enterprise to gain and transform market insights into competitive strategic decisions and actions is compelling.

Supply Market intelligence follows a pre-defined cycle as described by Prescott (1999), which encompasses: need analysis, observation and monitoring, data collection from internal and external sources, structuring and eliminating, analysis, dissemination, storing, utilization and feedback. Once this intelligence is accepted based on its relevance, specific actions, decisions or strategies are arrived at (Wolter, 2011). Cannaughton (2017) made a presentation at ISM on sources of market intelligence. In his presentation, he divided the sources into three categories: Supplier-based, internal sources and external sources. To

provide the difference between supplier and external sources, he argued that suppliers are neither internal nor external due to the nature of their connection to the firm in which they are already identified, certified and verified as sources going in the long-run. He further indicated that supplier sources include company websites and official reports, information requests and supplier interview. Internal sources include internal stakeholder interviews and brainstorming, performance reporting and supplier relationship management program. Lastly we have external sources which include Social media and blogs, peer companies, news feeds, research services, alerts and news feeds, price index and advisory programs. These categorical sources are also mentioned by Loppacher, Luchi, Cagliano and Spina (2014).

To be effective, it must be “run as a continuous cycle” and the top management, intelligence unit (marketing) staff and the line managers must be involved. The top management should emphasize SMI as an organizational philosophy for informed, efficient and effective strategic sourcing decisions, (Bose 2008).

1.1.3 Tuskys Supermarket

In Kenya, there is an estimate of 52 supermarkets operating in the country (Yellow Pages, 2016). Older ones include: Nakumatt, Tuskys, Uchumi, Ukwala and Nivas supermarkets. The industry has witnessed many changes. Rotich (2014) posits that these supermarkets have attempted to incorporate technology, dynamic sourcing practices and supplier collaboration, for strategic and operational efficiency and value addition. They have also adopted e-mailing and automated bar-coding, e-procurement technologies to execute

sourcing transactions (Keana, 2015). The leader in this transitions is Tuskys Supermarket Limited.

Tuskys Supermarket Limited is a chain of retail stores selling and offering assorted products and services. As at the current market position, Tuskys Supermarket is the largest supermarket in Kenya (Department of Trade, n.d.), thanks to the downfall of Nakumatt. The supermarket chain is owned by a family, based on relatively equal shareholding among seven members. The success of the supermarket is attributed to expert management and readiness of the research and development team to explore and put into practice the various imaginable dimensions of competitive advantage (Gacheri, 2010; PWC, 2017). Respectively then, the supermarket is identified in the Kenya retail sector as the biggest consumer of supply market intelligence: this is due to its large market share that translates to massive sourcing.

As part of operations, the supermarket stocks a wide range of “customized” merchandise; food and groceries, hygiene products, beauty and cosmetics, household goods, electronics, clothing and hardware, stationery among others, as may be the case with the individual supermarkets (Keana, 2015). Sometimes, they procure and manage their own stock, otherwise they also employ vendor managed inventory systems (VMI) for improved stock management, cash flows and risk management and zero obsolescence (Irungu & Wanjau, 2011). Merchandize customization and use of VMI, facilitate lean stocks that guarantee minimal or zero obsolescence. To improve shoppers’ experience, most of the established supermarkets have various shopping functionalities and technologies. Their modes of payments other than cash encompass Visa Card, Master Card, and mobile money transfer.

Their adoption of supply market intelligence is still limited by lack of proper adequate intelligence gathering infrastructure (Mutegi, 2013).

Their growth potential notwithstanding, some of them continue to grapple with several challenges, mostly internal, including poor governance issues, financial constraints, and legal suits, shop lifting among others. Other external challenges are government regulations such as the recent ban on plastic bags; which has made packaging difficult, and reduced the volume of purchases, as shoppers are obliged to buy their own packaging materials.

1.2 Statement of the Problem

The significance of SMI as a strategic procurement decision making tool continues to gain increased interest in research (Lotfi & Mukhtar, 2013). Competition and the availability of information to the final consumer in the value chain necessitate sourcing decisions that are guided by intelligence collection. SMI interacts with the supply market environment, collects real-time information before being transformed into a value -added strategic decisions, that are in sync with the organizational corporate strategy (Guntram, 2014). The Cytonn Real Estate Report (2016) estimates the number of supermarket shoppers at 66%. They offer a one-stop, self-service shop, with a variety of products. Some of them have suffered from losses and cash flow arising from “unplanned investments” both within and outside the country, leading to stock redundancies, debt burdens and legal suits (Kiarie, 2009).

Numerous studies have been done on the application and benefits of SMI in procurement. Lagat (2010) found out that SMI helps in improving business performance. Guarda (2012) argues that SMI is an interactive, real-time decision-making tool that is pro-supply market

environment. Njuguna (2013) argues that it helps in proper order processing, dispatch, distribution, purchasing production, inventory control and information flow. Adrian, Angela and Nicoleta (2014) considered SMI as a strategic mechanism for better enterprise competitiveness, business turnover and decision-making efficiency. Hawkins, Knipper (2014) reported the effectiveness of supply market intelligence in enhancing supply chain value creation and risk minimization. According to Rotich (2016), SMI is a necessary tool in the transformation of supply market information, into valuable intelligence for better procurement decisions and profit maximization. Jaharudin (2016) a source of business survival, as it streamlines the procurement procedures most economically. Kazi (2012) found out that effective supply chain management impacts operational performance positively.

The above researchers have contributed significantly to the body of knowledge, with regards to the entrepreneurial applications of SMI concept. However, most supermarkets still battle issues like redundancy, understocking and the tying of money on inventories since limited research exists to point out the effect of supply market intelligence in strategic sourcing among supermarkets in Kenya. Therefore, this paper sought to fill this gap by answering the following research questions: Which sources of supply market intelligence does Tuskys Supermarket use in strategic sourcing? What influence does these sources have on strategic sourcing as a process in Tusky Supermarket? Which challenges does Tuskys Supermarket encounter when using supply market intelligence in strategic sourcing?

1.3 Objectives of the Study

The objectives of this study are:

- I. To establish the sources of supply market intelligence which Tuskys Supermarket use in strategic sourcing.
- II. To determine the influence of sources of supply market intelligence on strategic sourcing process in Tuskys Supermarket.
- III. To find out the challenges faced by Tuskys Supermarkets when using sources of supply market intelligence in strategic sourcing.

1.4 Value of the Study

This study seeks to strengthen the strategic sourcing theory; by incorporating the SMI concept, evaluating the effect of transformation of prior supplier knowledge into strategic procurement decisions, assesses how effective intelligence (insights) gathering is important in supplier evaluation and selection.

The researcher seeks to assist the procurement departments of the supermarkets, to improve their strategic procurement practices, by prescribing a market-focused approach of leveraging on SMI, to find the right suppliers and serve the dynamic needs of their customers most appropriately yet competitively.

The findings from this study will also assist the Information Communication Technology (ICT) developers, particularly the market information systems (MIS) specialists, to improve their systems, by improving and realigning their programs to the changing needs of their clients such as supermarkets.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature on the application of supply market intelligence on strategic sourcing among supermarkets is reviewed in this chapter to establish the gaps that exist in the knowledge. Theoretical and empirical literature is reviewed through examining the models and theories and also past studies on this area of knowledge. This is then followed by the summary of literature review and the research gaps.

2.2 Theoretical Review

The theoretical review is based on three theories that try to explain the effect of applying supply market intelligence on strategic sourcing among supermarkets. These are; Resource Based View (RBV) Theory, Competitive Advantage Theory (CAT) and Dynamic Capabilities Approach (DCA).

2.2.1 Resource Based View (RBV) Theory

The value of the resource base view of the firm lies in the utility of valuable tangible and intangible resources as the basis for a competitive advantage (Fahy & Smithee 1999, Penrose 1959, Wernerfelt, 1984). A competitive advantage is defined as a firm “implementing a value creating strategy not simultaneously being implemented by any current or potential competitor” (Barney 1991). Even though this has not been realized yet at a certain point of time, a firm can enter the market with resources having the potential to attack the current advantage of a competitor, reducing its rents obtained and hence opening opportunities of establishing the latter in the future (Barney, 1986). In order to

achieve a competitive advantage that is not of limited duration but of sustainable nature, resources need to be heterogeneous and perfectly immobile (Barney 1991, Peteraf 1993).

According to Penrose (1959), the RBV theory assumes that a firm's performance depends on its primary resources, while Warnerfelt (1984) views the firm as a collection of resources and ideas. Barney (1991) argues that these resources includes among other things, firm characteristics, knowledge, processes, capabilities, information. Priem and Butler (2001) argue that the value of these resources depends on the demand side characteristics of a firm. For effectiveness, there should be a prudent allocation of resources across business lines for cost reduction.

The theory also provides a valuable way for IS researchers to think about how information systems relate to firm strategy and performance. In particular, the theory provides a cogent framework to evaluate the strategic value of information systems resources. It also provides guidance on how to differentiate among various types of information systems including the important distinction between information technology and information systems and how to study their separate influences on performance (Santhanam and Hartono 2003). This theory is important to this research as it considers SMI (supply information) as an important resource to an organization.

2.2.2 Competitive Advantage Theory (CAT)

A creation of Porter (1990), the competitive advantage theory emphasizes the necessity of national level productivity. It assumes that the competitive advantages in an industry and its segments are unique to the country of origin. Samira, Mhammadreza and Navid (2010), the theory is driven by the continuous evolution of innovation. Porters (1990), CAT is

guided by several systems of determinants: Factorial determinants, which underscore the importance of a country's factors of production like human resources, natural sources, knowledge resources, capital resources and infrastructure such as payment systems, communications among others. The permanent mobility of these factors of production is critical for a firm to reap their full benefits.

These factors are further categorized into primary and advanced factors. Primary factors may exist in all countries, but different in terms of proportional endowment, they include natural factors, climatic factors and geographical factors. On the other hand, advanced factors include investments on such factors as information technology, highly skilled labor and competitive research among others. The system of determinants emphasizes the internalization of domestic companies, especially where the strength of domestic demand instigates rapid innovation among companies (Pisano & Shuen, 1997). However, the notion of competitive advantage itself has rarely been systematically addressed and, to date, remains poorly defined and operationalized

Another determinant of competitive advantage is the up and downstream industries, whose ability to obtain a competitive advantage depend on the strength of their position in the international market. The international marketplace exhibits intense competition, as each firm or industry eyes for the global market share. Company strategy and structure are the other determinants of competitive advantage; they influence the unique competitiveness of a nation's domestic industries globally (Fuchs, Pais & Shulmand 2013).

2.2.3 Dynamic Capabilities Approach (DCA)

The DCA theory assumes the modifiability of a firm's short-term competitiveness for a sustainable long-term competitive advantage (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece, Winter 2007). It re-orientates an organization's capabilities to the external environment changes (Teece, Pisano & Shuen, 1997), where dynamic capabilities" refers the firm's ability to modify its internal and external competencies relative to environmental changes (Teece et al., 1997). This criterion is relevant, the context of the study, where supply market intelligence assists in real-time scanning of both the business and the supplier environment.

To sustain their competitive advantage, firms need to renew their stock of valuable resources as their external environment changes. Dynamic capabilities allow firms to effect these ongoing changes. As Winter (2003) explains, dynamic capabilities govern the rate of change of a firm's resources and notably its VRIN (Valuable, Rare, Inimitable, and non-substitutable) resources. Those VRIN resources, i.e. the firm's resource base, enable a firm to achieve sustained competitive advantage.

The DCA theory roots for the continuous improvement of the organization's systems and infrastructure (capabilities) to dynamically respond to the business environmental changes. Response to these changes may be attained through the re-alignment of the firm's total quality management (TQM) procedures, for instance, through benchmarking, to ensure that the firm secures opportunities out of its capabilities, instead of becoming a victim to threats. The retail industry in Kenya is dynamic and complex, hence Supermarkets in Kenya can apply the DCA theory, to gather and disseminate market intelligence regarding the supply market to reconfigure their strategic sourcing frameworks, in order to respond adequately to the external environmental changes, maintain and improve their market.

2.3 Strategic Sourcing

Strategic sourcing is the strategic evaluation and selection of suppliers who meet the buying organization's priorities like cost, quality, technology, timeliness and dependability (Chepng'etich et al, 2015). It focuses on cost-effectiveness and risk (uncertainty) minimization in sourcing (Ayoï & Odunga, 2015), thus, a departure from the traditional purchasing procedures, as it Chepng'etich et al. (2015), integrates the organization's procurement and corporate strategy.

Beaty (2011) opines that strategic sourcing constitutes a number of unique aspects: Consolidation of Purchasing Power, which integrates and consolidates the purchasing activities of an organization. Effective supplier relationship management (SRM) which insists on long-term and collaborative approach towards inculcating a mutual buyer-supplier relationship, to avert supply chain uncertainty; Continuous improvement: it focuses on continuous improvement of the procurement activities, to guarantee supply chain responsiveness; and teamwork and professionalism. Strategic sourcing is rooted on cross-functional coordination. These unique aspects guarantee total cost reduction, quality and better service delivery (Beaty, 2013).

The unification of the above strategic sourcing aspects enables enterprises to gain better competitive advantage, increased market share and improved operational performance. Based on the foregoing, strategic sourcing is certainly a pro-market sourcing strategy, because the evaluation and selection of suppliers who meet organizational criteria, is done with regards to the organization's short-term and long-term strategic priorities such as customer satisfaction, quality products, cost-effectiveness, among others.

2.4 Supply Market Intelligence

Yang (2010) identifies SMI as a systematic approach to gathering and processing or disseminating confidential supply market information. Handfield (2009) views SMI as the development of unique insights into supply market characteristics, which addresses such issues as price and technological trends, business combinations, capacity, quality and delivery requirements, and supplier capabilities to facilitate a better strategic sourcing. From the foregoing, SMI's major aim is to enable a real time collection, analysis and dissemination of supply market information, for sound supply and procurement decisions.

The Global Intelligence Alliance (2010) describes the process of setting up supply market intelligence framework, it entails: conducting a needs analysis by specifying the scope and processes of intelligence operation; definition of intelligence design and process activation, which indicates the intelligence deliverables using such intelligence tools and techniques and finally, the roll out of the intelligence program. Once the supply market intelligence operation is set up, the firm may gather intelligence from several sources such as industry sources, consultants, supply market research, and unpublished information among others.

A successful SMI Process should be based on several enablers. Knowledge of the supply market; this enables the buying organization to comprehensively sample and evaluate all suppliers. Strategic structuring of the procurement function, which involves the decision as to whether the procurement function should be centralized or decentralized. Comprehensive Logistical Arrangements; This demands a strategic and critical thinking of the inventory management. Strategic sourcing; Instead of the traditional sourcing practices,

where each department determines what it needs, the strategic sourcing delivers a more unified approach (Global Intelligence Alliance, 2010).

2.5 Barriers to Effective Sources of Supply Market Intelligence

Despite these numerous benefits that business enterprises stand to gain from the adoption of supply market intelligence, there are number of barriers: Technological barriers; some entities lack adequate technological infrastructure for SMI, for gathering analysis and dissemination and implementation of supply market data; Regulatory and political barriers arising from unseen government regulations that put constraints on the supply of certain commodities; Natural barriers, emanate from natural causes such as natural disasters that affect the supply of farm produce; Consumer behavioral factors, frequent changes in consumer behaviors. Financial barriers; Organizational culture where there is change resistance (Chokera, 2011; Rotich, 2015).

Effects of e-procurement on SCM performance in Elgeyo Marakwet County, Kenya. Adoption of e-procurement facilitates efficiency in SMC. The study adopted a descriptive research design. Contextually, the study concentrated on the county government, which is a non-profit making concern, unlike the context of the study. Further, it only concentrates on the buying activities, without considering prior SMI (Barngetuny, 2015),.

2.6 Empirical Review

This section seeks to review researches related to supply market intelligence and the gaps this paper seeks to fill. Ade, Akambi and Arebi (2017) assessed the influence of marketing intelligence on business competitive advantage in Nigeria. The study revealed that market

intelligence enhanced competitive advantage, by using market insights (information) for business better profitability and business expansion.

Mbole (2016) investigated the effects of market intelligence systems on the sales revenue among the French bean producers in Machakos, Kenya. The study objectives encompassed comparative marketing channels, comparative sales and return on capital, with or in absence of market intelligence. A descriptive analysis of the study results indicated that only 30 out of the 120 respondents in the study had access to market intelligence, and that they had better sales revenue and return on capital, compared the rest of the 70%.

Rotich (2016) studied the effect of market intelligence on the sales performance of the banc assurance among financial institutions in Kenya. The study adopted a descriptive analysis approach, where regression analysis of study results established a positive correlation between market intelligence and sales, which eventually led to improved profitability.

Ngugi, Gakure and Mugo (2012) weighed on the effect of competitive intelligence on the profitability of banks in Kenya. The independent variables of the study included differentiation strategies, market intelligence practices, and technology intelligence practices. The research findings reported that 37.5% moderately agreed that market intelligence was a competitive tool, which positively affected profitability. Further, a regression analysis showed that market intelligence had a significant influence on profitability. The researchers recommended an increased usage of market intelligence.

Mugo, Wanjau and Ayodo (2012) investigated the effect of competitive intelligence on the profitability of the banking industry in Kenya. The research variables included product differentiation strategies, market intelligence, technology intelligence and strategic

alliance. A regression analysis of the study, established a negative relationship with profitability in the short-run, but a positive one in the long-term i.e. it had the least influence on profitability.

Hamadu, Obaji and Oghojafor (2011) examined effect of market intelligence on the performance of insurance business in Nigeria. The research objectives in the study included: intelligence information gathering, information intelligence dissemination and responsiveness to intelligence generation. A descriptive analysis of the research data research established a significant relationship between market intelligence and business performance. Further analysis of the multiple linear regression model revealed, that responsiveness to intelligence generation had the greatest influence on performance improvement.

Murray, Gao and Kotabe (2010) studied the influence market orientation and the performance of export ventures in US. The study found out that market intelligence was a strategic tool for better response to market competition, and therefore a source of competitive advantage. The researchers observed that market intelligence assisted such firms to gain foreign market presence, by delivering based on the dynamics in the foreign markets.

2.7 Literature Summary and Research Gap

This study reviewed three theories that that explains the effect of applying supply market intelligence on firm strategic sourcing. These are; Resource Based View (RBV) Theory, Competitive Advantage Theory (CAT) and Dynamic Capabilities Approach (DCA). Generally, the empirical review suggests that application of supply market intelligence has

different implications on the firm. For instance; market intelligence provides marketing information which affects the effectiveness of decision making in the firm and also enhances the employees' ability to adjust to changes in environmental thus minimize the company's exposure to danger.

From the literature, application of market intelligence; enables banks to successfully increase its profit, expand the branch network; enable the firm perform better than its rivals; it has a direct, impact on the quality of the products and services the government receives and the price it pays; and also helps the firm to reduce supply risks while establishing and maintaining a competitive edge. Local literature on this area of knowledge is limited since this topic has not been evaluated exhaustively. None of the study focused on determining the application of supply market intelligence on strategic sourcing among firms. The studies did not focus on the context of this study which is among supermarkets. This study will determine whether application of supply market intelligence on strategic sourcing among supermarkets in Kenya.

Table 2.1: Summary of Empirical Review and Research Gap

Author	Study Title	Summary of Findings	Knowledge gap identified
Ade, Akambi and Arebi (2017)	Influence of marketing intelligence on business competitive advantage in Nigeria	Market intelligence enhances competitive advantage, by using market insights (information) for business better profitability and business expansion.	The study did not focus on Kenyan supermarkets and the sources of market intelligence
Mbole (2016)	The effects of market intelligence systems on the sales revenue among the French bean producers in Machakos, Kenya.	Study results indicated that only 30 out of the 120 respondents in the study had access to market intelligence, and that they had better sales revenue and return on capital, compared the rest of the 70%.	The study did not focus on strategic sourcing as well as sources of market intelligence among supermarkets.
Rotich (2016)	The effect of market intelligence on the sales performance of the banc assurance among financial institutions in Kenya.	The study established that there is a positive correlation between market intelligence and sales, which eventually led to improved profitability.	The knowledge gaps are the same as those in Ade et al. (2017) and Mbole (2016). There is also a contextual gap
Mugo, Wanjau and Ayodo (2012)	The effect of competitive intelligence on the profitability of the banking industry in Kenya.	Established a negative relationship with profitability in the short-run, but a positive one in the long-term i.e. it had the least influence on profitability.	The knowledge gap is the same as that in Rotich (2016)

Hamadu, Obaji and Oghojafor (2011)	Effect of market intelligence on the performance of insurance business in Nigeria.	Study established a significant relationship between market intelligence and business performance and that responsiveness to intelligence generation had the greatest influence on performance improvement.	There exists a contextual knowledge gap. The focus was also not on the sources of market intelligence.
Murray, Gao and Kotabe (2010)	The influence market orientation and the performance of export ventures in US.	The study found out that market intelligence was a strategic tool for better response to market competition, and therefore a source of competitive advantage.	The study has a similar knowledge gap to that of Mugo et al. (2012) and full conceptual gap.

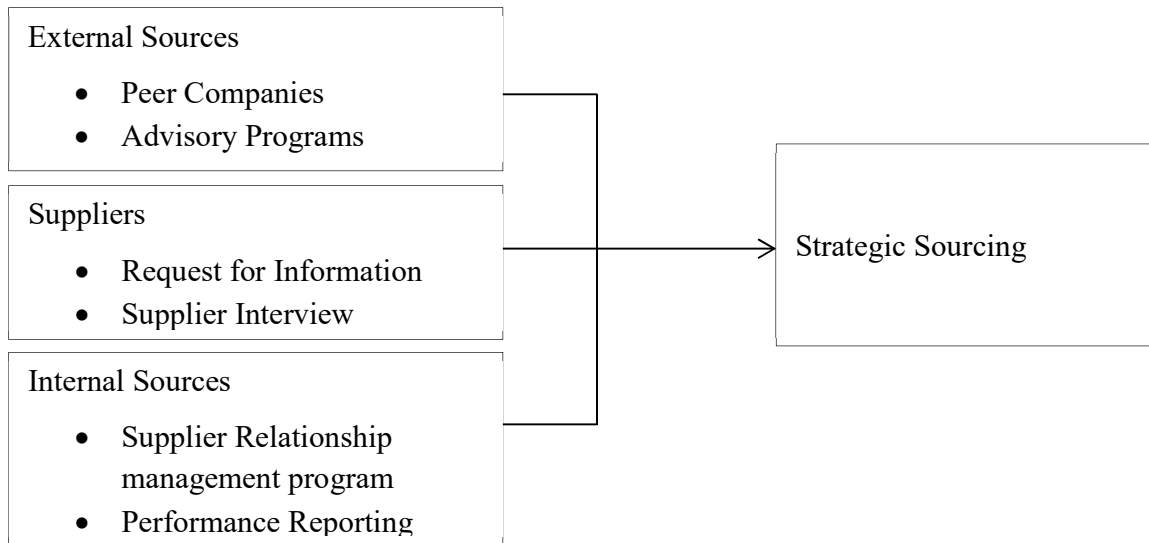
Source: Researcher (2018)

2.8 Conceptual Framework

Figure 2.1: Conceptual Framework

Sources of Supply Market Intelligence

Strategic Sourcing



Source: Researcher (2018)

In this study, sources of supply market intelligence (external sources, suppliers and internal sources) will be the independent variables strategic sourcing will be the dependent variable. It is hypothesized that the success of Supply Market Intelligence highly influences the effectiveness of strategic sourcing among supermarkets in Nairobi County.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used in collecting and analyzing data and presenting the findings. The aspects of methodology that are discussed include: research design, study population, sample and sampling technique, data collection and the data analysis that will be used during the study.

3.2 Research Design

This study makes use of a case research design. This research design is the most feasible one for this study as it enables the researcher to have an in-depth consideration and understanding of sources of supply market intelligence and as they are applied. According to Mugenda and Mugenda (2003) case research design is highly effective in seeking to establish about the status of a process. This notion is supported by Cooper and Schindler (2006). Specifically, case design will be highly effective in identifying the sources adopted and how they contribute to strategic sourcing at Tuskys Supermarket Limited.

3.3 Data Collection

This study makes use of primary data. Data was collected using an interview guide exhibiting qualitative characteristics. The data was based on respondents' observation, opinions and judgement. Collection of data was based on sources used by Tuskys Supermarket is seeking supply market intelligence that is specifically meant for strategic sourcing. Information was sought on how the so indicated sources influence the strategic sourcing as a process.

To study used expert sampling technique to attain a sample approach of 7 respondents. The respondents included those directly involved in intelligence gathering and strategic sourcing: they will include senior officers from the department of operations and procurement. A sample respondent of seven (7) is considered adequate and rather balanced due to the homogeneity of the information on sources. The intended observation, opinions and judgement of these seven respondents is also expert-oriented.

3.4 Data Analysis

Response data from the field was organized, coded, analyzed and presented accordingly. Due to the qualitative nature of the data, content analysis was used in the analysis. Content analysis approach was the most preferred for this study as it allows examination of the nuances of behavior within organizations and societal trends as well as perceptions of stakeholders. For this study, content analysis enhances the analysis of perceptual constructs and socio-cognitive associated with the sought data. The data sought was highly qualitative and based on perceptions and observations, justifying the requirement of content analysis technique. Analysis was guided by the study objectives as section 1.3 illustrates. Findings and observations are described, discussed and interpreted accordingly in chapter four. Presentations have also been done in form of discussions.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers the analysis of findings, results and discussions. Relevance of this chapter is based on the study objectives which include: establishing the sources of supply market intelligence which Tuskys Supermarket use, there influence on strategic sourcing and impended challenges. This chapter looks at the response rate, involved supply market intelligence sources, why the selection of such sources, the influence of the sources on the process of strategic sourcing and the challenges associated with the use of such sources. The analysis and discussions are based responses from the field.

4.2 Response Rate

The study sought for data from seven respondents. The respondents were restricted to senior and junior officers and department clerks who are directly involved in the strategic sourcing based market intelligence. The department that were approached include operations, strategic development and procurement. The study expected to avail two respondents from operations, two from strategic development and three from procurement. All the seven respondents managed to make into the interview, giving a response rate of 100%. The rate is termed as excellent as argued by Mugenda and Mugenda (2003) that a rate of 50%-59% is adequate, 60%-69% is good, 70%-79 is very good while 80% and above is rated as excellent.

4.3 Sources of Market Intelligence

Guided by the first objective, the study sought to establish the sources of market intelligence used by Tuskys Supermarket. All respondents provided for this question establishing that a mix of the three categories of sources highlighted in section 2.8 were feasible and are applied therein. Interestingly, all the sources under study were equally confirmed to be in use alongside two others. These sources include use of advisory programs and peer companies, interviewing of suppliers and requesting information, and the use of internal sources which include performance reporting and use of supplier relationship management programs. The other two include social media and blogs and also research services.

4.3.1 Advisory Programs

All respondents indicated the use of advisory programs in sourcing of market intelligence. Advisory programs on this matter include consulting firms that help the supermarket in getting the right market intelligence. Out of the seven respondents six indicated that the supermarket seeks the help of KPMG Consulting firm in most cases. As example, the respondents further indicated that KPMG was involved in the strategic event of Tuskys managing Nakumatt Supermarket Limited. With such undertaking, KPMG was mandated to oversee the anticipated management transition. Apart from KPMG, the respondents equally indicated the involvement of Career4Consulting in the sourcing of human resources.

The use of advisory programs was however found to be selective and based on specific tasks. Tasks that require expert analysis and high level of transparency, especially if the

task contributes highly to the company's service delivery. The companies selected for this function were also found to have high level reputation in expertise, transparency and accountability. In that matter, KPMG is well known consulting firm widely spread all over the world and running of great expertise, no doubt that their involvement is valuable. Two of the respondents further argued that the involvement of KPMG is not limited to the mentioned bailout management on Nakumatt Supermarket but also in several other operations. Unlike KPMG, Career4 is a local consulting and human resource sourcing and development consulting firm. The firm provides advice and support on the process of recruitment though not in all occasions.

4.3.2 Peer Companies

All respondents indicated that the supermarket uses peer companies as a source of market intelligence, and perhaps making the most random and extensively used source. To specify the category under which this source is specified, the respondents argued that most of the peers operate in the same industry or carry out trade on similar products and service. To refine the understanding of Peer companies a little bit we could state that this are companies who share similar interests and characteristics. Respondents argued that the process of selecting the most feasible peer depends on a number of factor: size of the perceived peer, similarity in policies and regulations, position in the market and level of performance relative to Tuskys' performance. The peer must be at par or with slightly deviations from the set performance levels.

The respondents further indicated that the peers used varies from time to time and in most cases they are include fellow supermarkets and locally operating international chains.

Examples were also provided, listing Shoprite Kenya, Carrerfour, Game stores and Shoprite Kenya. Locals include Naivas, Chandaria, Cleanshelf, Eastmatt and Tumaini Supermarkets among others. It was also established that sometimes the intelligence is sourced from extra next tier which includes online stores like Jumia Stores and Killmall stores. The argument provided to justify the high involvement of peer companies in collection of market intelligence is based on the fact that good practices are easily realized due to the similarity in the operating models.

For instance a supplier who has been identified by Carrerfour or Chandaria for that matter as a reasonable prospect might turn to be reasonable to Tuskys too. That is on assumption that the relationship between the prospect and the peer is purely business transaction-based and not on favours. To establish the sourcing intelligence, Tuskys then requests for a recommendation scorecard of the prospect from either peer. The respondents indicated that the use of peer companies has been very successful in enabling receipt of the right intelligence concerning strategic sourcing.

4.3.3 Request for Information

All respondents indicated the use of ‘request for information’ source in attaining market intelligence. They argued that it’s a common approach but mostly used in impromptu directive. With this source, it was observed that it is a complimentary step towards sources provided in section 4.3.1 and 4.3.2 representing external sources. The argument from the respondents indicated that requesting for information from a prospect is made and meant to confirm the information attained through other sources and also to test the level of honest

in the information provided vis-à-vis the already in-hand one from either peer companies or advisory programs.

It was also established that requesting for information is normally done after an analysis is done on the already available information and a conclusion has been attained that the company in subject is competitive and confirmation is required. When making the request, Tuskys management sends an email with particulars. This particulars might be a number of items to be sourced thereafter but of critical and most importance. The request then insists on information on how the particulars can be handled in a real transaction. Particulars that might include supply times, cost, quality and flexibility. This process is handled as a supply mock. After the feedback is received, it is analyzed and a competitive decision made accordingly.

4.3.4 Supplier Interview

Respondents indicates that unlike the request for information source, supplier interview is used independently or jointly with another source. Five of the respondents indicated that supplier interview is mandatory for those firms whose relationship is highly valued, especially if they are meant to supply highly sensitive, highly perishable or fragile products. The source is also important when trying to identify suppliers who are considered for long-term suppliers. When asked how the process of supplier interview is done, respondents indicated that first other sources are used. With no restrictions, these sources can be any. After information has been obtained, then supplier interview is carried out.

The interview has two approaches. With the first approach, the supplier is given a formal invitation to Tuskys headquarters and vetted. In the second approach, the Tuskys

management takes a formal visit to the supplier and carries the interview on the supplier's side. Either way the interview is still valid and subjective. However I doubt if the experience is the same as the second option provides a chance to further assess the infrastructural capability of these supplier. An option not provided when Tuskys carried out the first option. Alternatively, as indicated by the respondents, the sources can be used on its own or as an independent source. Using this alternative, the management of Tuskys makes a formal approach on most of the reputable suppliers and makes open their objective. After that a formal interview is arranged immediately and effected. Relevant questions concerning timeliness, costs, quality, logistics and process effectiveness and efficiency are administered. The responses are then analyzed later and a decision made.

4.3.5 Supplier Relationship Management (SRM) Program

Supplier Relationship Management Program is an internal source that is based on already existing suppliers. Respondents indicated that this source is usually the first one to be considered. Its feasibility is above average as the information sought and experience concerning the prospective suppliers is already at hand. It was clear that Tuskys uses this sources purely based on experience with each supplier among the pool. The pool contains all those who have supplied to the supermarket before, including the comments and ratings that were indicated and awarded when the supplied. All respondents argued that this source is very valid and reliable, justifying that the only interference to competitive choice therein is the Tuskys supplier relationship management system and judgement. Therefore if the comments were accorded fairly and ratings awarded competitively then no doubt that the choice will equally be competitive.

However, the cons of the SRM source are also unavoidable and extremely manipulative. For instance, three respondents argued that some suppliers buy their way out with a high rating after a shoddy supply. This happens with the help of the management and the store keepers. Another common interference that was listed by most of the respondents was poor rating skills, scales and inconsistencies by those who are given the responsibility to rate the suppliers. This negative property might not necessarily be committed willingly but from ignorance, as skills may affect. In spite of how severe this cons can be its important to know that they are completely avoidable. Another downfall provided and that is circumstantial with this source is that while relying on the old suppliers based on ratings and commendations, a new, better and more competent supplier in the market might be skipped. However from a general point of view, it was established that the supplier relationship management source represents the lowest combined supply market intelligence cost.

4.3.6 Performance Reporting

Respondents who indicated the use of supplier relationship management source equally indicated the use of performance reporting. However, they argued that at Tuskys supermarket the two are usually merged up and used concurrently. The process of performance reporting involves the initial step and fundamental reason for using the supplier relationship management source. The step entails observing the entire process of a qualified and already in progress supply from a qualified and awarded supplier. After observing, the entire process is rated under four to five aspects. The aspects include total and overall cost associated with the supplier, quality of the products or services offered,

the timeliness of the supplies –that is if timelines were validated, the supplier’s flexibility incase order specifications changes in due course, overall logistical patterns and safety of supplies. From these observations, conclusion is made on performance depending on the overall effectiveness and efficiency.

Unlike in supplier relationship management source were all those enlisted in the supplier system are considered and vetted, performance reporting allows inclusion of only those who have supplied before. This is because they are the only ones that can have a performance record. Two of the respondents argued that the source might have less risk that can lead to supply failure but just like the supplier relationship management source, potential and more effective and efficient suppliers might not make to the list. It was established that Tuskys acknowledges such a demerit, the reason why the source is used alongside another source. Overall, the respondents indicated that the source is effective in determining and selecting within the strategic sourcing of Tuskys Supermarket Limited.

4.3.7 Research Services

Four respondents indicated the occasional use of research services. The respondents further indicated that whenever research service is used as a source, a special team comprising of internal market researchers is constituted and mandated to carry out the task within a specified timeframe. In addition, the respondents indicated that not all supplies qualify to engage the use of research services to identify the best strategic source but only those that are highly sensitive and that exhibit certain characteristics. In most cases such supplies include over the counter but medically-based food supplements. It was established that the

total cost of using research services is very high, the reason why its use is only limited to the involvement of sensitive supplies.

4.3.8 Blogs and Social Media

Respondents indicated a random usage of blogs and social media, especially handles of the suppliers. This source was further identified to be involved along other sources, as a way of establishing the general public's perception of the prospective suppliers. From respondents, it was established that this source is not used as a mean of identifying and competitively selecting for strategic sourcing but as a mean of establishing the outward connection to the general public. From social media handle, a lot can be obtained about a firm. That is on the randomness of public complaints and commendations. The handles can also provide the true picture of the prospect's customer care and information feedback. Well managed handles with less complaints than compliments predict two perspectives: either the prospect is very good or is not a vigorous entity. A social media handle with many comments and few but highly resolved problems indicated that the prospect is highly involved in public business and that customer care and complaints are given priority. From findings, a conclusion can be made that Tusky's Supermarket utilizes the use of blogs and social media in a more controlled manner.

4.4 Supply Market Intelligence Sources and Strategic Sourcing Process

Respondents were asked to clarify on the influence that the said supply market intelligence sources have on the entire process of strategic sourcing. All respondents provided for the section though on different capacity.

To understand the respondents and particularly pertaining their feedback, the study first identifies strategic sourcing as a supply chain management function alongside purchasing, procurement and logistics. Strategic sourcing process involves internal need assessment, supply market evaluations and bid process management with the aim of reducing risk and managing quality, cost and schedule. The respondents indicated several ways in which market intelligence sources influence the strategic sourcing process. Among the highly identified influence was on quality, cost, schedule timing and risk management as well as effectiveness and efficiency.

Quality related influence was provided for by all respondents. They argued that quality of the supplies matter a lot in retail business especially in the context of retail chain setup, rather supermarkets. The bases of their argument on the justification of the same by Tuskys Supermarket is that many customers and people believe that supermarkets retail the best of the products in terms of quality. This perspective is based on an analogy that orders done by supermarkets are of bulky nature and for that they are normally sources directly from first tier distributors if not directly from the manufacturer. Following such a supply chain, then counterfeit products are least expected on Tuskys' store shelves. To ensure that this remains to be the true outlook of the situations, Tuskys is then faced with the task of ensuring that the process of strategic sourcing remains of integrity and highly dependable. This leads to the competitive supply market intelligence, simply to aid in identifying that supplier who can help in ensuring that quality is a priority when effecting the supply function. From this collective argument by the respondents, the study then establishes that supply market intelligence sources influence strategic sourcing through the quality assumption.

The second influential aspect mentioned by the respondents was cost. Their argument was that while conducting market intelligence for strategic sourcing, Tuskys management are always cost-sensitive and they prioritize competitive costing in the sourcing function. This is so because with supermarket retail business chain like Tuskys highly depend on supply chain cost in determining the prices and planned profit margins. To effect this priority, the sourcing type must be cost-sensitive too so that the total cost of supplying becomes optimized to the least possible index. This requires identification of the most cost-competitive supplier. In addition, to identify such a supplier one must use the right source of supply market intelligence and so is the Tuskys Supermarket. Consequently then, a wrong choice of supply market intelligence sources leads to wrong benchmark information as well as poor supplier selection. Then the ultimate focus on competitive costing becomes irrelevant as the wrong supplier lacks cost-related optimizations.

The third influence is based on schedules and time sensitivity. Five of the respondents argued strongly in support of this influential aspect. They insisted that delivery accordance to schedules is not only an accounting and operational flexibility enabler but also the biggest determinant of overall and all-round performance. To justify, the respondents had a conclusive example on the effect of delays. They stated that whenever supplies are received late in supermarket store retail business, the chain loses loyal customers as many people (customers) more to the next store to pick the miss-outs. Such customers might never get back as they are in contention that their product of choice might still be missing and since they don't want to waste any time it is better that they walk into a store with high availability chances. And there we get the weight attached to the choices on strategic sourcing and the suppliers. To identify the right supplier, the right source of benchmark

information must be provided. Such right information can only be attained by use of the right source of supply market intelligence.

The fourth influential and binding factor is risk management. Risk management is based on the overall safety of both the supplies and the process. As one of the reasons as to why the process of strategic sourcing is important, risk is affected directly by the source of market intelligence factor. Sources of market intelligence differ in the level of thoroughness involving a supplier and their inclusive rates on risk. Some sources have poor supplier rating on risk factor. The risk include the probability that the shipment or supplies arrives with certain levels of damage or defect. It also covers some aspects of quality that involve usage timelines like the expiry dates. The respondents argued that due to large inbounds that translate to high cost, risk management is a major factor considered by Tuskys Supermarket. Three respondents argued that the risk assumption is the major reason behind the use of performance reporting and supplier relationship management program.

Lastly we have the effectiveness and efficiency. All respondents indicated that the selection of supply market intelligence is all based on the effectiveness and efficiency of the strategic sourcing. The argument was that poor sources tend to give poor competitiveness which equally leads to poor selection of the sourcing grid. The translation of such a poor choice is that the levels of effectiveness and efficiency will diminish respectively. To Tuskys Supermarket, at least as per the respondents, effectiveness involves the ability to meet results and expectations while efficiency looks collectively at the cost, quality, flexibility and risk factors. If the sources of market intelligence do not incorporate such factors in their rating criteria then effectiveness and efficiency is threatened. With the use of

competitively selected sources, the chance of identifying the best supplier(s) is high and likely, and the chances of aligning effectiveness and efficiency equally increase.

4.5 Challenges of Using Supply Market Intelligence Sources

To attain the third objective, this study intended to establish the challenges that Tuskys Supermarket face when selecting source and when using the selected sources. Consequently, the respondents were asked to provide the possible challenges in the category. All respondents provided for this section, indicating a number of challenges that include; internal interference from management and employees, conversing that leads to external interference, poor and unfair assessment and incomplete and inconclusive information.

The challenge of internal interference from employees and management was found to be the most rampant and most influential. Respondents pointed it out as the most frustrating of all challenges. The problem emanates from the violation of the process's independency and from as deep as the initial stage of selecting intelligence source. In this case, during the source vetting some employees and managers tend to infiltrate the process through process handlers. They then manage to influence the choice of specific source that they know will favour suppliers of their choice. Alternatively, based on no gain but on personal differences they might succeed in infiltrating and consequently inform the drop-off of the most competitive source. Unfortunately if the entire team is not careful, the interference might go unnoticed.

The second challenge as per the respondents include poor assessment and unfair judgement of some sources as well as the ratings they provide. This challenge is based on human

nature and how they perceive events and phenomena. The respondents post that the panelist for source selection at times get biased and make wrong choices. It is even worse when some of the panelist are die-hards of some principle that they do not want to let go at any time. It is also important to know that no source or supplier is effective enough not to have any weakness. However, these panelists fail to acknowledge this fact and keep down-playing that one or two sources and suppliers at the expense of only one inconsistency. This tendency ends allowing most incompetent sources into the field.

The third challenges enlisted by the respondents include the use of incomplete information in deciding the best source and supplier. The indication was that in most cases, the use of internal and supplier sources is characterized with incomplete information, especially the use of performance reporting. However, with the supplier source it might necessarily be incomplete but unfounded information. This unfounded information is based on an assumption that when approaching a supplier and asking for decision enabling information, the supplier being in business and that required to draw in business and income might be attempted to give wrong information, information that will provide a more favorable image. This distortion of reality provides unfair advantage that leads to unfair selection and consequently incompetent strategic sourcing.

Lastly, findings indicated the challenges of market forces. The market forces determine the current and future trends of the supply function of retail business. The assumption upon this challenge is that today's market status will not be tomorrow's. The respondents indicated that most of the aspects that are used in determining the right source are based on the past –which is different from the present and the future. Citing a good example, one

respondent argued that business and technology is tomorrow's norm. The respondent further insisted that some sources might not be technologically considerate but end up with high rates against those that are technologically advanced. For example assuming that cargo or supplies tracking is not necessary and yet risk management is one of the most important linking factor between supply market intelligence and strategic sourcing is absurd. Tuskys Supermarkets does not operate in a unique environment but in an open-system hence its venerability. The respondents further provide a solution that the supermarket has been driving on to counter this challenge: ensuring that all market factors are factored.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the findings, conclusions and recommendations on sources of supply chain market intelligence in strategic sourcing in Tuskys Supermarket Limited. Limitations on the study and recommendations for further studies is also included. This chapter is based on section 1.3 which highlights the research objective of this study.

5.2 Summary of Findings

Findings indicate that Tuskys Supermarket is intensively using strategic sourcing. This is justified by the many sources of supply market intelligence that are used therein. A total of eight (8) sources are alternatingly and co-jointly used. These sources include two external sources that include peer companies and advisory programs, two supplier sources that include requests for information and supplier interview, and two internal sources that include supplier relationship management program and performance reporting. Two more external sources were also found to be sparingly used. They include blogs and social media and research services. From the responses it was established that out of the eight mainly used sources, use of peer companies, requesting for information and supplier interview were the most commonly sources. As the leading source peer companies was the dominant sources of all and this is attributed to the easy to access characteristic. Respondents argued that Tuskys Supermarket preferred findings information from a colleague (peer) who has firsthand experience of the strategic sourcing criterion, especially those suppliers who are used more frequently. Some of the peers include some local as well as local-based

international chains. Further analysis indicate that different peers and used at different occasions, all depending on the subject of strategic sourcing.

Another frequently used source is the request for information which in most cases was found to be used along with other source(s). This source was found to be used in generation of confirmation on an initially used source. The use of advisory programs was also established. Respondents provided KPMG as an example of such a source. They further indicated that KPMG and other advisory sources are involved in highly sensitive sourcing, such as the in the Nakumatt deal. Most common aspect that immerged from all respondent was that advisory programs are only sought when high level expertise is required. Supplier interview source was also found to be used either as an independent source or as a joint source with another source. If jointly used, then it will be meant for providing confirmation on the already gathered information. The use of performance reporting and supplier relationship management was found to be common though with lots of challenges. The two extra sources mentioned that include blogs and social media as well as research services were found to be sparingly used but very important in unearthing hidden cons.

The study looked at strategic sourcing at Tuskys Supermarket and the corresponding supply market intelligence sources. Analysis shows that the sources determine the decision on the choice of strategic sourcing made. To demonstrate this effect, the respondents made a collective analogy that can be hypothesized as follows. Assuming that one source is corrupted and filled with external interference and another purely based on facts and scores and the two sources are provided with a directly entry, what will be outcome. If we assume that the corrupted one is incompetent then a poor final sourcing decision might be made

which will equally lead to loss of poor results. The non-corrupted one will on the other hand be dealing on facts and the outcome may not be far from expectations. It was also established that the link between the choice of sources and successful strategic sourcing is based on specific indicator that include quality, cost, schedule timing and risk management as well as effectiveness and efficiency. It is expected that supply market intelligence source is able to positively affect the reading of these indicator to the final strategic sourcing.

Choosing the wrong supply market intelligence source translates to choosing of the wrong strategic source. Meaning that attaining any of the said indicators will be by chance. The study summarizes the indicators into effectiveness and efficiency in the whole process associated with strategic sourcing, starting from supply market intelligence sources. The study established a number of challenges that face Tuskys Supermarket when using the various sources of market intelligence on strategic sourcing. These challenges include: interference from employees and management on the choice of source, poor assessment and unfair judgement of some sources due to past or one-time occurrence, use of incomplete information in deciding the best source and also market forces.

5.3 Conclusion

The three objectives of the study were analyzed accordingly using sufficient data support from the field. The supply market intelligence sources which include peer companies, advisory programs, requesting for information, supplier interview, supplier relationship management program, performance reporting, research services, and blogs and social media were found to be used by Tuskys Supermarket. Further, some of the sources were found to be sparingly used while other were core sources. All sources were found to have

a unique variation in applicability, all depending on the subject requiring strategic sourcing. Conclusively, a relationship was established between the two variable. That is, the type of supply market intelligence source used was found to directly affect the success of the entire process of strategic sourcing. A number of challenges to supply market intelligence selection were also established. However, most of the challenges were found to be completely avoidable. Especially those that involve poor and unfair assessment and judgement, incomplete information and internal interference.

5.4 Recommendations of the Study

Based on the directly established influence of supply market intelligence sources on strategic sourcing, this study recommends that supermarkets establish systems that ensure credibility of the source selection process as well as the sources information itself. This means important sources like internal-based ones which exert pressure on the whole strategic sourcing process should be instituted in a manner that is incorruptible. There is also an inherent perception that use of too many supply market intelligence sources creates chances of imperfections. It is the view of this study that supermarkets in Kenya identify few supply market intelligence sources, probably those that are controllable and perfect their structure and schemes in a manner that eliminates all challenges and enriches the useful information.

5.5 Limitations of the Study

This contains two limitations. The first limitation is on methodology used. The study uses qualitative approach in identifying the supply market intelligence sources and their influence on strategic sourcing. The qualitative approach does not clearly indicate the

extent to which the influence is instituted nor does it state the degree to which the relationship is exhibited. The second limitation is on the independent variables. Initial conceptualization contains six (6) variable but two were added by the respondents. There also exists a larger pool that contains more sources like company websites, financial reports, internal stakeholder interviews, price index forecasts and news feeds and alerts. These sources are equally important and highly feasible.

5.6 Suggestions for Further Study

Suggestion for further study is herein based on the indicated limitations. The study suggests a further research involving all possible sources of supply market intelligence. The proposed study should involve the use of quantitative approach to as to establish the correlation index on the influence between the variables. The proposed study stands to correct the limitations mentioned in this study.

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APPENDICES

Appendix I: Introductory Letter



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2099162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE... 15/11/2018

TO WHOM IT MAY CONCERN

The bearer of this letter MILON MUKHIA

Registration No. D.G.I. 66345/2016

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix II: Interview Guide

Ensure all questions are provided for.

The questions can be expanded progressively to help gather more relevant and supportive information. A separate sheet can be used to capture extra information incase need arise.

1. Department.

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2. Position.

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3. Categories of supply market intelligence sources the used

A. External

B. Supplier

C. Internal

4. List of external sources

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5. List of supplier sources

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6. List of internal sources

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6. Do the company have a strategic sourcing process?

Yes No

7. How does the supply market intelligence sources influence strategic sourcing?

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8. Which challenges does your company face when using supply market intelligence sources in strategic sourcing?

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9. Any other issue, addition or recommendation

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