

**EXTENT OF ADOPTION OF SHOPPER MARKETING TOOLS IN
SUPERMARKETS IN KENYA**

BY:

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION IN THE SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

OCTOBER 2011

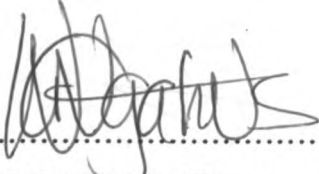
DECLARATION

This is my original work and has not been submitted to any institution or university for examination.

Signed:  Date: 5/11/2011

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This research project has been presented for examination with my approval as university supervisor

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DEDICATION

To my wonderful beautiful daughters Chelsea and Nyambura

ACKNOWLEDGEMENT

I wish to thank my Supervisor Ms Catherine Ngahu for her meticulous clear guidance and support during this study.

I also thank the panel of lecturers to whom I defended this project for adding value to the flow of the study and hence the final product.

I thank the company I worked with during this time for giving me the flexibility to attend lectures promptly and study for exams.

I also wish to thank my family especially my mum and sister for their encouragement and prayers and my daughters for their patience and understanding.

Finally I thank my Almighty Lord for giving me the strength and perseverance to successfully finish this course despite the heavy challenges I had on my professional and personal life.

ABSTRACT

The objectives of this study was to establish the extent of adoption of shopper marketing tools in supermarkets in Kenya and determine the benefits of adopting shopper marketing tools to the manufacturers and/or the supermarket. The findings of this study will offer several insights to guide shopper marketing strategies.

The study employed a cross sectional survey design whereby data from the entire medium and large supermarkets in Kenya were sought. The research was descriptive in nature. The target population of this study was all the medium and large supermarkets in Nairobi and its environs. These were the primary target of the study. The questionnaire was the only primary data collection instrument. The questionnaire was designed to address the research questions. Data collected was both qualitative and quantitative in nature. Data from the questionnaires were analyzed based on descriptive statistics. The results from the analysis were then presented using tables, pie charts and bar graphs for easier interpretation.

Findings indicate that end aisle displays, in-store staff, shelf advertisement or wobblers, coupon dispensers and shelf advertisements were the most effective and common forms of shopper marketing used by supermarkets in Kenya. Display bins, free standing advertisements and cutouts and floor advertisements were the least used by the supermarkets. Other tools applied but by the bigger supermarkets included video, shopping cart advertisements, end aisle displays, free standing product display racks, and shelf advertisement. Benefits from shopper marketing included increased sales, improved customer loyalty and overall return on investment.

The recommendations made after considering the findings include: First,supermarkets should first assess the contribution of shopper marketing tools to overall performance of the store before adopting such tools. Shopper tools should be applied to maximize returns. Secondly, marketers should invest time and resources to design shopper tools that are appealing to customers. In designing a winning shopper marketing strategy, the following must be in place: shopper-centric thinking; a shopper-centric culture; an intimate, household-level understanding; brilliant execution; continual measurement/ improvement and strategic collaboration which are more efficient than the traditional marketing methods.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Acting in accordance with the widespread belief that many purchases are unplanned, Marketing Executives invest considerable resources inside the store to influence shoppers. According to Grocery Marketing Association (2007) there is a forecast of a compound annual growth rate of more than 20% for in-store marketing budgets. Furthermore, according to Advertising Age, the oft-quoted statistic that consumers make 70% of brand decisions in the store boosted shopper marketing and made other advertising seem almost pointless (Neff, 2008). Although unplanned buying clearly results from exposure to in-store stimuli, the shopping depends on conditions established before the shopper enters the store, some of which are under the retailer's control. In-store marketing also labeled 'shopper marketing' is a set of marketing activities that comprise understanding the motivation, attitude and behavior of shoppers over the path to purchase and the shopping cycle across all touch points. The goals are to better plan and execute marketing programs, such as in-store, online and mobile communications and promotions through all touch points. This study sought to find those tactics employed by supermarkets in Kenya to market to shoppers.

1.1.1 Concept of Shopper Marketing

According to Young (2009), shopper marketing is brand marketing in retail environment. Since it includes category management, displays, sales, packaging, promotion, research and marketing, shopper marketing is now being widely applied in grocery stores the world over. Shopper marketing however is not limited to in-store marketing activities. Shopper marketing is understanding how one's target consumers behave as shoppers, in different channels and formats, and leveraging this intelligence to the benefit of all stakeholders, defined as brands, consumers, retailers and shoppers. Consequently, shopper marketing practices extend well outside of the store, to the place and time when a consumer first thinks about purchasing a product. That might be on a treadmill at the gym, at home reading a magazine, or in the car while driving to work. That means that shopper marketing is by necessity a multi-channel practice that makes use of traditional media, new media, direct marketing, loyalty, trade promotion and innumerable other marketing techniques. However, this study focused only on in-store shopper marketing.

Many marketers and retailers today believe that a majority of purchases are unplanned, so they spend heavily on in-store marketing to stimulate these types of purchases. Marketing to shoppers already in the store has been a concept which is applied by many large retailers and merchandisers. Shoppers may enter a store with an overall goal ranging from the very precise and concrete (e.g., to take advantage of a specific promotion) to the relatively abstract (e.g., to fill up on weekly needs). Construal-level and mind-set theories also distinguish between abstract and precise goals (Liberian, and Wakslak 2007); decision makers in “abstract” states are more flexible and receptive to their environments, whereas those in more precise states are “closed off” to their surroundings. More recent applied research has also emphasized the importance of goal abstraction: The success of marketing actions, such as promotions, depends on the *goals* consumers have when they are exposed to such promotions (Lee and Ariely, 2006. Related evidence shows that the “type of trip”—a proxy for shopping goal abstractness—affects in-store behaviors, conditional on store choice (Walters and Jamil, 2003).

Shopper responsiveness to marketing stimuli is an essential condition or prerequisite of research in retailing. Shoppers redeem coupons when benefits exceed the cost of sorting and clipping; they stockpile when savings exceed the storage and holding costs as indicated by Bell and Hilber (2006). Shoppers also respond to monetary and non-monetary promotions, they are induced to buy more by signs and displays and their overall responsiveness is predicted by their psychographics. Store choices depend on price image perceptions (Hansen and Singh 2009), breadth and depth of assortment, location, convenience, the ability to do one-stop shopping, and store service an important element in store positioning. Briesch, Chintagunta and Fox (2009) indicated that by definition any reason for choosing a store affects store choice (positively).

In-store marketing activities capture a shopper’s attention and therefore drive up unplanned buying (Inman, Winer and Ferraro, 2009). On trips in which the shopper takes note of marketing information outside the store environment, the shopper is likely to have engaged in planning (Bettman, 1979), so this should not affect unplanned buying. Prior research suggests, but does not test, the idea that when a shopper is exposed to out-of-store marketing on a trip, in-store stimuli can trigger forgotten needs (Inman, Winer, and Ferraro 2009), suggesting a positive interaction

between out-of-store and in-store marketing. More time in the store on a trip leads to more unplanned buying (Park, Iyer and Smith 1989).

1.1.2 The Concept of Adoption

Adoption entails the decision to use and the actual use of a product, service, method or process. In order to understand the processes behind the factors affecting manufacturers and retailers intention to use and adopt shopper marketing, it is necessary to get a thorough understanding of the theory behind it. This study will employ innovation diffusion theory to explain adoption of shopper marketing by retailers and manufacturers in retail outlets. Innovation diffusion theory explains acceptance of new ideas or new ways of doing things (Teo & Pok, 2003). Rogers (1983) defines innovation diffusion theory as the process by which innovation is communicated through certain channels over time among the members of social system. It conceptualizes the sequence of events where individual or organization passes through initial point of basic knowledge of innovation, through forming a favorable or unfavorable attitude toward it, through a decision to either adopt or reject it, and through utilization of innovation to finally seeking reinforcement of the adoption decision made (Rogers, 1983). The key elements of this process are innovation, communication channels, time and social systems or innovation's perceived characteristics, the individual's attitude and belief, and communication received by the individual from his social environment (Karahanna, Straub and Chervany, 1999).

Rogers (1983) considers five attributes of innovation which influence the adoption of innovations. This approach, according to Rogers (1983), has been widely used for many years. He claims that the five attributes are somewhat empirically interrelated with each other, but at the same time, they are conceptually distinct. The selection of particularly these five attributes is based on past research. The five attributes are the following: relative advantage, compatibility, complexity, trialability and observability. Rogers claims (1983) that these five attributes explain 49 to 87 percent of the variance in the rate of adoption. Shopper marketing is a new marketing concept which is gaining acceptance by manufacturers and retailers alike. This study sought to establish the extent of adoption of these marketing tools in Kenyan supermarkets.

1.1.3 Supermarkets in Kenya

Supermarkets started in upper-income niches in large cities of Kenya (Nairobi and Mombasa) and then spread into middle-class and then poorer consumer markets, and from large cities to secondary cities to towns within Kenya. Supermarkets have then spread from Kenya to 'poorer' and less urbanized countries, like Uganda, Rwanda and South Sudan. Within these countries and also in Kenya, supermarkets are now slowly spreading to secondary cities and small towns. This study concerns itself with the mainstream Supermarkets. The mainstream Supermarkets are defined as those supermarkets that employ more than fifty employees in their day to day operations (Njenga, 2006) and are 15,000sq.ft to over 60,000sq.ft.

Supermarkets have also revolutionized the products they offer and are rapidly penetrating urban food retail in Kenya and spreading well beyond their initial tiny market niche into the food markets of lower-income groups (Kiumbura, 2003). Having penetrated processed and staple food markets much earlier and faster than fresh foods, they have recently begun to make inroads into the fresh fruits and vegetables category. The important changes in their procurement systems bring significant opportunities and challenges for small farmers, and have implications for agricultural diversification and rural development programmes and policies.

Kenya is the second advanced country in terms of presence of supermarkets, after South Africa. Kenya has over 206 supermarkets and 18 hypermarkets (Economic Survey, 2009). In the last ten years, the formal food and necessities retail sector has undergone massive transformation, with traditional retailers, including small shops and public markets, losing a significant proportion of the market share to supermarkets. There are at least six big Kenyan owned supermarkets, including Nakumatt (which is the largest), Uchumi (which has just come out of receivership), Tuskys, Naivas, Chandarana and Ukwala which is the smallest of the giants (Njenga, 2006). Kenya's advancement in supermarkets is evident from the fact that its top five cities (Nairobi, Mombasa, Nakuru, Eldoret, and Kisumu) have at least 165 supermarkets and 13 hypermarkets (Economic Survey, 2009). Supermarkets are quickly diffusing into small towns and secondary cities to target poorer consumers in Kenya, while expanding to other countries within the East African region.

Uchumi and Nakumatt are now operating in Tanzania and Uganda in an attempt to broaden their annual turnover. The pattern of expansion in Kenya is similar to that of South Africa (Njenga, 2006). This pattern of first penetrating upper class urban market and then moving into lower income and rural-town markets shows that there will be a steady and rapid increase in supermarkets in East Africa. There used to be few supermarkets in Kenya, but their number is increasing quickly. All bigger cities and many smaller towns have them. Their quality and basket value is usually quite high, and higher than other countries in the region. Supermarkets in Kenya have moved on to create brand differentiators in order to positioned themselves differently and have introduced loyalty cards, 24 hour shopping concept and price uniformity across outlets. With the market becoming smaller Kenyan supermarkets are looking beyond borders and exporting their wars to neighboring countries.

1.2 Research Problem

In recent years, there has been renewed interest in understanding the actual consumer action of buying. There are numerous possible reasons for this emphasis on the “moment of truth,” compared to other perspectives on consumers (e.g., consumer needs, brand preferences, usage). One explanation is that the traditional marketing approach is broken, and has become too separated from the actual consumer who makes decisions to buy. Marketing must engage more with the shopper to fix the model (Inman, Winer and Ferraro 2009).

Undoubtedly, the increasing role of technology in the marketing process has something to do with renewed interest in shopping, since it expands the information and choices available to consumers as to when and how to shop. The result is a new variant of marketing strategy with a sharp focus on the shopper. In a recent Marketing Science Institute conference, “Shopper Marketing,” (MSI Conference Summary, 2010), experts from industry and academia provided the latest thinking on the issues in this evolving field. This term reflects a change in how manufacturers, marketers and retailers understand and relate to the overall “path to purchase.”

Over the past 10 years, there have been profound changes in the technological and business landscape—such as the emergence of new shopping tools that support search for product and pricing information anywhere, anytime.

These changes are influencing firms in many industries, including consumer packaged goods, durable goods, healthcare and financial services. The resulting changes in shopper behavior pose a number of new managerial and research questions, and cast some important old questions in a new light.

Growing interest in shopper marketing reflects organizations' interests in managing their brands at retail, and retailers' interest in growing category demand and overall sales, including private label. Both manufacturers and retailers also have an interest in enhancing the experience for shoppers, potentially delivering a "triple win." Given the importance of marketing efforts at the point of purchase, it is critical to understand the factors driving the extent to which consumers engage in in-store decision making. However, it is worth noting that though studies have been done touching on aspects of the supermarkets in Kenya, no known study has been undertaken to establish the adoption of shopper marketing tools employed in stores either by the supermarkets themselves or by manufacturers. Karemu (1993) studied the state of strategic management practices in retailing sector with a particular focus on supermarkets in Nairobi. Lagat (1995) studied the state of marketing using online activities in Kenya retailing sector while Munyoki (1997) did an analysis of the factors affecting pricing strategies of selected consumer goods in the retail market with a specific focus on supermarkets in Nairobi Kenya. Kiumbura (2003) studied retailer brands & channel conflict of supermarkets in Nairobi while Njenga (2006) investigated the attitudes of selected stakeholders towards growth strategies that were followed by large scale retailers in Kenya. The study was a case of Uchumi Supermarkets. This study therefore seeks to fill this research gap by establishing the extent of adoption of shopper marketing tools in supermarkets in Kenya. The study sought to answer the following research questions: i) what is the extent of adoption of shopper marketing tools in supermarkets in Kenya, and; ii) what are the benefits of adopting shopper marketing to the manufacturers and/or the supermarket.

1.3 Research Objectives

The research objectives were:

- i) To determine the extent of adoption of shopper marketing tools in supermarkets in Kenya
- ii) To establish the benefits of adopting shopper marketing tools to the manufacturers and/or the supermarket.

1.4 Value of the study

The findings of this study are expected to be of importance to both theory and practice. The findings of this study will offer several insights to guide shopper marketing strategies. In general, the study findings will show the impact of shopper promotional strategies on customer buying. This study is expected to shed light on when promotions should be placed early in a typical store pattern to target consumers with slack remaining and later to target consumers who have depleted their slack. Because the findings also depend on whether items are planned or unplanned, managers need to familiarize themselves with which items tend to be of which type. This study will offer managers that insight. The findings will also give suggestions on whether in-store promotions on planned items are effective in generating incremental sales.

The research will also develop predictions for the impact of shopper marketing on brand value. The study will also establish how product category characteristics, customer characteristics, and customer activities affect in-store decision making. By researching on his topic which has received little attention mostly from local researchers, the study will also contribute to theory by giving scholars, academics and students more reference material on the concept of shopper marketing.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section provides an overview of shopper marketing and its applicability both in the global and local arena. The sections also provides an overview of shopper marketing evolution and how is has been applied by various organizations to boost their sales. The section also indicates the gaps in literature that this study sought to fill.

2.2 Shopper Marketing

The new shopper marketing orientation focuses more heavily on the shopper and shopping mode, compared to the traditional brand and consumption focus. Brand building is achieved more through triggers in the shopping cycle. This contrasts with the traditional focus on awareness building and push-and-pull marketing. Rather than focus primarily on individual product categories and in-store activities, the new orientation expands to multiple categories across all touch points and channels, including social media (Briesch et al., 2009). This emphasis goes beyond traditional notions of communication, toward engaging and inspiring consumers.

The shopping cycle is more complex than the purchase funnel because it reflects behavior in a complex shopping environment. Hansen and Singh (2009) argue that shopper marketing activities should start long before the shopper enters the store. Marketers need to find creative ways to influence people at key points in the shopping cycle and develop relevant metrics for monitoring behavior in an integrated way. Marketing Science Institute (2010) emphasized some specific ways this plays out in practice. Marketing activities are based on shopper insights, a distinct type of research and analysis that covers the entire consumer decision stream on the path to purchase. Marketing activities are expected to build brand equity for both the manufacturer and the retailer. There is often strategic collaboration with other retailers and other brands. This approach opens up opportunities for targeting shoppers with activities designed specifically for them. The fact that more than half of purchases are made in-store is highly motivating to shopper marketers. It means there is considerable upside potential if they can find the right marketing drivers.

Paying attention to the shopping behavior of customers is an essential part of being a

customer-centric manufacturing company. The world of retailing is changing in ways that mean traditional tools for connecting with customers are no longer adequate. As a result, many manufacturers are employing shopper marketing strategies. By measuring shopper behavior and understanding the types of shoppers that are buying your products, you can integrate attitudinal and causal data that can give a 360-degree overview of the shopper and the behavior. This ultimately can provide for a rich experience for the shopper since we can observe the behavior, seek to understand it with integrating attitudinal research and then deliver relevant communications to the customer. But how many strategies simply rent market share each week rather than earning loyalty and growing brand value? Organizations must leverage the increasing investment in shopper marketing to create brand value. Understanding the shopper follows a tried-and-true process. According to Van Heerde et al. (2008), the following must be in place: shopper-centric thinking; a shopper-centric culture; an intimate, household-level understanding; brilliant execution; continual measurement/improvement and strategic collaboration.

Most questions about shopper marketing start from a brand or store-centric point of view. For example, instead of asking, “How much did we sell last week?” ask, “Who bought what we were selling last week?” In trying to improve the shopping experience, instead of asking, “How can we change how this category is shopped and drive more shoppers to our brand?” ask, “How can we put our brand where our best shoppers will naturally expect to find it?” Even some of the best shoppers still make purchases outside of their brand preferences, but by targeting the most loyal shoppers versus trying to acquire new customers, growth is cultivated and often accelerated. Capturing those additional shopper purchases within the store is more cost-effective than acquiring new ones and reduces the risk of shoppers switching their store preferences or loading their baskets on a shopping trip elsewhere. Consumer migration over time becomes the key scorecard for brand health (Tsiros, Michael and Hardesty, 2010). Manufacturers need to make a commitment to identify the interests, motivations and needs of their most loyal shopper segment.

Although Shopper Marketing has only really permeated the marketing mainstream over the last few years, its proponents argue that it is an important move away from the short term and adversarial past of trade marketing and sales promotion tactics to a

more strategic marketing discipline that has a key role to play in an integrated marketing approach. This is a strategy employed by companies in hard and recession times.

2.3 In-store factors that Influence Shoppers

Marketers have expended considerable energy researching what in-store factors influence shoppers' purchase decisions. But out-of-store factors influence unplanned purchases too, and if retailers understand those factors, they may be able to leverage them. Briesch et al. (2009) examined diary panel data from 441 households in a Western European country to uncover how several out-of-store factors influence unplanned purchases. One major factor is the nature of the shopping goal: Is the consumer shopping to take advantage of a promotion or to buy a particular item—both concrete goals—or is the consumer shopping to take care of weekly needs, which is a more abstract goal?

Reasons for choosing a particular store are also important. Did the shopper choose the store for its prices? Its selection? Its service? To avoid crowds? Convenience is a third factor: Is the consumer aiming to do one-stop shopping, or is he or she visiting a given store as part of a multiple-store shopping trip? The researchers also looked at the interaction between out-of-store and in-store advertising. For each shopping trip participating households made during the two-week observation period, the shoppers recorded their reasons for the shopping trip and picked why they had chosen the stores they did from a list of possible reasons relating to the factors under investigation. They also completed a questionnaire, noting which of their purchases were planned and which were unplanned. The researchers found that as shoppers' overall shopping goals became more abstract, the shoppers made more unplanned purchases (Neff, 2007). Similarly, unplanned buying increased when shoppers chose a store for its low prices or its attractive promotions.

A store's assortment and service had no effect on unplanned purchases, however. When shoppers chose a store for the convenience of one-stop shopping, unplanned buying went up; when a store was one in a series of stores to be visited, by contrast, unplanned buying decreased (Stilley, Inman and Wakefield, 2010). Finally, although out-of-store marketing had no significant direct effect on trip-level unplanned buying,

there was an interaction between out-of-store marketing and in-store marketing that did boost unplanned buying.

The current study focused on the characteristics of the shopping trip rather than the shopper. The study also sought to establish how retailers and manufacturers utilize these characteristics to design shopper marketing tools that would appeal to shoppers. That is, rather than focusing only on attracting particular types of customer, marketers and retailers may also fruitfully work on promoting a certain type of shopping trip (one with abstract goals, for example). Earlier studies (like Van Heerde et al., 2008) have confirmed that shopping trips to hard discounters—which offer low prices, a large selection and the convenience of one-stop shopping—are more likely to have the most abstract goals (in the case of the two big-box discounters in the study, 53 percent and 44 percent of the visits were motivated by the most abstract goals). Interestingly, however, when shoppers visit supermarkets with an abstract goal in mind, there is an interaction between the supermarket format and the shopping goal that results in a boost in sales over and above what can be attributed to the abstract goal alone.

The supermarket is a place of sensory stimuli. Consumers are met with colorful product displays of fruits and flowers, perfectly aligned packages of snacks on end-cap displays, and even advertisements covering the floor. Some consumers use these in-store stimuli as cues to remind them of what products they need. Other consumers enter the store with an intention to buy only a certain set of goods, but this quickly changes as these in-store stimuli lead to purchases of unintended items. In either case, in-store stimuli trigger unrecognized needs and desires or trigger memories for forgotten needs, leading to in-store decision making, or unplanned purchasing. Bucklin and Lattin (1991) define planned purchases as decisions that are entirely determined before entering the store. In contrast, unplanned purchases are those that were not specifically planned before the shopping event. These are increased by shopper marketing.

2.4 Shopper Marketing Tools

In-store marketing is often marginalized as being a narrow category, consisting of digital screens, signs, placards, and such. However, in-store marketing may be reasonably described as anything that communicates to a shopper, and this may

be broadly divided into commercial messaging, intended to directly affect economic activity (shopping and purchasing), and noncommercial messaging such as décor, other shoppers, and the like. In a typical shop there is so much to take in that many mediums in the store are never seen or processed. It is not really media unless it mediates communication between the producers and purveyors of the media and their intended audience, in this case, the shoppers. So this raises the question of just what do shoppers see in the store? To answer this accurately requires some ability to track the eyes of shoppers as they move around the store.

For all of the progress we've seen in the past few years, it's clear that there's still a lot of room for improvement. For example, if the return on investment for shopper marketing programs is so great, why do two-thirds of respondents indicate that less than 10% of their overall marketing budgets go towards it? I'd expect to see this number increase as marketers, manufacturers and retailers alike feel the economic pain and are forced to ditch traditional advertising in favor of approaches that are proven to work. Additionally, only about half of respondents said that they had experienced "very good" or "excellent" results so far, which means that the other half must figure out what's going wrong with their programs. Considering that common obstacles include everything from inadequate sales force training to ad hoc budgeting to lack of cross-functional integration with other parts of the organization, there are still plenty of places for a well-planned shopper marketing programs to take a wrong turn.

Still, to understand consumers as they make shopping decisions and optimize experiences around that process is too big of an opportunity for manufacturers and retailers to pass up. As the practice expands to include interactive shopper marketing programs that can provide real-time feedback on what consumers think of a given offer, the quality of shopper marketing campaigns is bound to increase. Shopper marketing is here to stay, and once agencies start putting together turnkey packages to integrate all of the various touch-points and marketing media that go into such a program.

Commonly used shopper marketing tools include end aisle displays, free-standing product display racks, in-store flyers and navigational signs. The navigational signs

can be aisle directories or product markers. Other tools include display bins, free-standing advertisements, cutouts, inflatables and pallet of featured product. Chains have also devised other shopper marketing tools such as shelf advertisements, floor advertisements, coupon dispensers/tear-off pads and use of store staff to talk to customers or direct customers. Stores are also using refrigerator/freezer door advertisements, video or interactive displays or kiosks and shopping cart advertisements

Shopper marketing has reached a major crossroads. It continues to be one of the fastest growing and most promising areas of marketing spending for consumer packaged goods (CPG) manufacturers and retailers. But to maintain its growth and fulfill its promise, shopper marketing must evolve beyond a siloed, tactical practice and become a strategic capability that is better integrated with other major investments across the marketing and media ecosystem. Shopper marketing's potential is rooted in its focus on gathering insights about consumers when they are in shopping mode and applying these insights to influence their purchase decisions. From at-home research conducted by shoppers to the mobile devices that provide the nexus between the home and the store to the shelf itself, shopper marketing offers a means of building both brand equity and sales lift.

2.5 Effectiveness of Shopper Marketing Tools

Manufacturers and retailers are increasingly focusing on the importance of in-store decision making. Recently, Procter & Gamble coined the phrase the "first moment of truth" to describe the first three to seven seconds when a consumer sees a product on the shelf. The importance that Procter & Gamble puts on in-store decision making is demonstrated by its appointment of a "Director of First Moment of Truth" and a supporting department (Tsiros, Michael and Hardesty, 2010). Other manufacturers and retailers are also increasingly investing in in-store decision making, as evinced by the projected growth rate of 21% for in-store marketing through 2010 (Neff 2007). Furthermore, there are a growing number of joint promotions between marketers and retailers (Spethmann, 2005).

For first moment of truth to be of such interest, consumers need to be making a substantial number of decisions at the point of purchase. An encouraging statistic in

this regard is that shoppers make the majority of their decisions in the store. Specifically, only 30% of purchases are preplanned down to the brand level, and a surprising 59% are totally unplanned before a consumer enters the store (Inman and Winer, 1998). However, does shopper marketing actually generate incremental sales at the basket level, or does it simply serve to redirect which items consumers purchase? This study will seek to find out the effect of shopper marketing tools that are adopted by both manufacturers and retailers. While Blattberg, Briesch and Fox (1995) indicate that it is an empirical generalization that temporary promotions increase sales of the promoted item, less attention has been paid to the basket-level impact. To my knowledge, studies on the store- or basket-level impact of promotions have primarily been conducted outside the merchandizing domain (i.e., Ailawadi et al. 2006; Lam et al. 2001; Mulhern and Padgett, 1995). A notable exception is Walters and MacKenzie (1988), who conclude that in-store price promotions do not influence overall store sales or profit. Given these limited findings, this article provides further insight into the basket level impact of promotions, which is an important topic for retailers because of their investment in joint promotions.

Research on promotions has incorporated various perspectives from behavioral decision theory, such as transaction utility (i.e., Grewal, Monroe, and Krishnan 1998; Lichtenstein, Netemeyer, and Burton, 1990; Thaler 1985), reference prices (i.e., Kalyanaram and Winer 1995; Winer, 1986), and loss aversion (Hardie, Johnson, and Fader 1993), but there is a dearth of research that considers the role of mental budgeting. While economists have traditionally assumed that money is fungible, research has shown that consumers use a form of mental budgeting in which they allocate money to mental accounts and try to resist further purchases when the budget is depleted (Heath and Soll, 1996; Thaler 1985). Stille, Inman and Wakefield (2010) provide evidence that consumers have a mental budget, even if implicit, at the shopping trip level. Furthermore, they report that consumers have in-store slack in these budgets, which means that a portion of the total budget is not assigned to be spent on any particular product before the shopping trip begins. Instead, the funds remain available for in-store decisions—that is, consumers leave room in their trip budgets to make unplanned purchases.

2.6 Concept of Adoption

In order to understand the processes behind the factors affecting manufacturers and retailers intention to use and adopt shopper marketing, it is necessary to get a thorough understanding of the theory behind it. The theory on this topic is based on several models that have been developed gradually and built up on each another. In this chapter I will present such models and show how they can be used in the search for reasons of adoption of shopper marketing tools.

Theoretical models on user acceptance of innovative tools (e.g. shopper marketing) employ “intention to use” and “actual use” as the main dependant variables (Venkatesh et al 2003). This study will employ innovation diffusion theory to explain adoption of shopper marketing by retailers and manufacturers in retail outlets. Innovation diffusion theory is another theory that explains acceptance of new ideas or new ways of doing things (Teo & Pok 2003). In his book *Diffusion of innovations*, Rogers (1983) defines innovation diffusion theory as the process by which innovation is communicated through certain channels over time among the members of social system. It conceptualizes the sequence of events where individual or organization passes through initial point of basic knowledge of innovation, through forming a favorable or unfavorable attitude toward it, through a decision to either adopt or reject it, and through utilization of innovation to finally seeking reinforcement of the adoption decision made (Rogers 1983). The key elements of this process are innovation, communication channels, time and social systems or innovation’s perceived characteristics, the individual’s attitude and belief, and communication received by the individual from his social environment (Karahanna, Straub and Chervany 1999).

Rogers (1983) considers five attributes of innovation which influence the adoption of innovations. This approach, according to Rogers (1983), has been widely used for many years. He claims that the five attributes are somewhat empirically interrelated with each other, but at the same time, they are conceptually distinct. The selection of particularly these five attributes is based on past research. The five attributes are the following: relative advantage, compatibility, complexity, trialability and observability.

Relative advantage is the degree to which innovation is perceived as being better than

the idea it supersedes (Rogers 1983). The degree of relative advantage can be expressed in, for example, economic profitability or in status giving. Research scholars have found out that relative advantage is one of the best predictors of an innovation's rate of adoption and that it is positively related to it. The reason for this is that when individuals or organizations pass through innovation process, they are motivated to seek information in order to decrease uncertainty about the relative advantage of an innovation. Potential adopters want to know the degree to which a new idea is better than an existing one (Rogers 1983). As already mentioned, relative advantage from Rogers' (1983) model can be associated with perceived usefulness from Nysveen et al's (2005) model.

Compatibility is the degree to which an innovation is perceived as consistent with the existing values, past experiences and needs of potential adopters (Rogers 1983). The more compatible idea will be less uncertain to the potential adopter. Hence, compatibility has a positive direct effect on rate of adoption of innovations. Some analyses show compatibility to be of relatively less importance in predicting rate of adoption than other attributes. Innovation can be compatible or incompatible with socio-cultural values and beliefs, with previously introduced ideas, or with clients needs for innovation.

Complexity is the degree to which an innovation is perceived as relatively difficult to understand and use (Rogers 1983). Rogers suggest that the complexity of an innovation is negatively related to its rate of adoption. The reason for this is that the less difficult the innovation will be to understand and use, the less complex it will be perceived. Thus, the rate of adoption will be higher. Complexity from Rogers' (1983) model can be related to perceived ease of use from Nysveen et al' (2005) model.

Trialability is the degree to which an innovation may be experimented with on a limited basis (Rogers 1983). The ideas that can be tried will be, according to Rogers, adopted more rapidly than innovations that have not been tried. Roger and other researchers (e.g. Singh 1966, Fliegel & Kivlin 1966) support the fact that trialability is positively and directly related to the rate of adoption of innovations.

Observability is the degree to which the results of an innovation are visible to others

(Rogers 1983). The more visible the innovation is to others, the faster the adoption of the innovation will be. This is the reason why Rogers suggest the positive relation between observability and adoption rate. Rogers claims (1983) that these five attributes explain 49 to 87 percent of the variance in the rate of adoption.

Shopper marketing continues to be one of the fastest-growing segments in the advertising and promotions mix. Its rapid growth has been fueled by the need to shift spending further down the purchase funnel, get beyond price and inject more equity into in-store marketing, and develop greater retail intimacy. Adoption of shopper marketing is expanding rapidly across the full path to purchase, supported by a proliferation of new vehicles that engage consumers when they are in shopping mode at home, on the go, and in the store. Shopper marketing continues to be one of the fast-growing components in the advertising and promotions mix of consumer packaged goods (CPG) manufacturers. In the near term, its growth is expected to match and sometimes exceed the growth in digital marketing. In fact, over the next three years, 83 percent of companies plan to increase their investments in shopper marketing. A majority of them (55 percent) rank shopper marketing as their number one investment, saying that their spending increases will exceed 5 percent annually.

Why does shopper marketing enjoy such a rosy outlook when spending on traditional marketing platforms, including television, print media, and trade promotions, is in decline? Shopper marketing's move to center stage is powered by the urgent need to develop actionable insights capable of better influencing shoppers all along the path to purchase and generating measurable results. Over 55 percent of manufacturers in the food, beverage, health and beauty, and household products categories surveyed said their investment in shopper marketing will grow by more than 5 percent annually over the next three years. In many cases it is growing more rapidly, often at double-digit rates. Companies are shifting their advertising and promotions mix away from traditional media, while trying to hold the line on further increases in trade promotions spending. They are planning to rapidly scale up spending on platforms that are closer to the point of purchase to create direct relationships with shoppers and drive more measurable results. This study sought to investigate the extent of shopper marketing tools to establish how manufacturers and retailers in Kenya are employing this concept.

Shopper marketing offers a solution to these strains by crafting and delivering messages to consumers when they are in shopping mode and more receptive to relevant content. Shopper marketing is not just an effective means of driving action by creating trial and purchase, but also a way to increase awareness and loyalty, all of which are critical to long-term brand health. It is the promise of reaching consumers all along the path to purchase, from when they first begin to shop (at what Google calls the “zero moment of truth”) to the store shelf (at what Procter & Gamble dubbed the “first moment of truth”), that is causing manufacturers and retailers alike to invest in shopper marketing at rates rivaling the most popular digital platforms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study employed a cross sectional survey design whereby access to the widest possible amount of data from the entire medium and large supermarkets in Kenya were sought. Nachmias and Nachmias (2007) pointed that a researcher can employ survey design to measure variables or test hypothesis using survey data collection instruments to get a feel of a population or industry. The methodology applied provided an added benefit of overcoming the deficiencies that can result from employing constricted design like case study which has generalization challenges.

The research was descriptive in nature. Survey was adopted since the study required data from different supermarkets to get an unbiased view of how shopper marketing was employed. This method had been applied before e.g. by Bartram et al (2003) and Freeman, Cox and Wright (2006). The adopted research design further utilized multiple statistical research techniques. These included descriptive statistics such as frequencies, percentages and cross tabulation. It also d statistics such as cross tabulation to compare and enable conclusions on the extent of adoption of shopper marketing tools.

3.2 Population

The target population of this study was all the medium and large supermarkets in Nairobi and its environs. These supermarkets were selected on the assumption that they are in a better position to be implementing shopper marketing due to their growth focus and profitability. These are the supermarkets with 50 or more employees. According to economic abstract (2010), there were 23 mainstream supermarkets in Nairobi. These were the primary target of the study. Due to the small size of population, the researcher carried out a census hence each supermarket had a subject who was the source of information required.

3.3 Data Collection

In this study a semi-structured questionnaire was used to gather primary data from senior managers of the targeted supermarkets responsible for marketing. Secondary sources of data such as retailing and merchandising journals and periodicals were also considered as data for the purpose of this study. Kumar (2005) indicates that this

approach has the effect of allowing patterns of comparison to develop to enable collaboration of the overall interpretation of results. This procedure improved both internal and external validity and the context realism thereby reducing the risk of false conclusions.

The questionnaire was the only primary data collection instrument. The questionnaire was designed to address the research questions. The questionnaire was divided into three sections; A, B and C. Section A addressed the general information about the supermarkets and its marketing. Section B addressed the shopper marketing tools and systems used by the supermarket while section C dealt with questions about benefits of shopper marketing tools for the supermarkets. The questionnaire consisted of both open and close-ended questions and also Likert type questions that were intended at weighing perceptions of respondents on the factors under study.

After designing the questionnaire, the researcher tested the effectiveness of the questionnaire by giving the draft to marketing professionals conversant with shopper marketing to critique the questionnaire on design, clarity of the questions and fitness for purpose. Respondents were required to critique the questionnaire on content, design and validity. This pretest was done to detect and correct any weaknesses in the questionnaire. After the pretest, the researcher made amendments that were deemed necessary.

The researcher then distributed the final questionnaire physically to the marketing managers in the selected supermarkets. The questionnaires were distributed to the marketing manager of each supermarket since he/she is the one who must be involved in all marketing issues affecting the supermarket. This resulted to a total of 23 questionnaires being distributed to all the targeted supermarkets.

An introductory letter accompanied the questionnaire so as to give authenticity to the research and explain the purpose of the survey. The researcher requested the questionnaire to be filled and collected within 4 days.

3.4 Data Analysis

Data collected was both qualitative and quantitative in nature. Qualitative data was analyzed through thematic summary analysis where responses were grouped into

themes and the summarized and grouped data presented in prose. Quantitative data and information obtained through the questionnaire was first checked for completeness. The questionnaires found correctly filled and fit for analysis were then coded and analyzed based on descriptive statistics. The descriptive statistics that were used include mean scores, frequencies, percentages and ratios. The results from the analysis were then presented using tables, pie charts and bar graphs for easier interpretation.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

4.1 Introduction

This chapter considers the results and findings from the questionnaire survey. The findings of the study are presented according to the research questions. There were forty three questionnaires distributed to forty three commercial banks in the target population. The respondents to the questionnaires were the marketing executives of the supermarkets who were selected on the virtue of their involvement in developing and implementing positioning strategies. Of the 23 questionnaires sent to the sampled subjects, 19 were filled by respondents and later collected by researcher. This translated to 83% response rate. The data analyzed and presented in this section is per the 19 questionnaires that were returned.

4.2 General Information

4.2.1 Years of Operation

The study investigated the number of years the supermarkets had been operating. This had the aim of relating the age of the supermarket with the adoption of shopper marketing tools. Results of analysis of this data is presented in table 4.1

Table 4.1: Years Supermarket has been in operations

Years	Frequency	Percent
5 yrs and below	2	11
5 – 10 yrs	7	37
11 – 15 yrs	2	11
15 – 20 yrs	3	16
Above 20 yrs	5	25
Total	19	100

Findings presented in table 4.1 indicate that 2 (11%) of the supermarkets have been in operation for 5 years and below. This indicates that these are new entrants into the filed. Those supermarkets who have been operating for between 5 years and 10 years were 7 (37%) while 2 (11%) had been in the industry for between 11 and 15 years. The supermarkets that have been operating for between 15 and 20 years were 3 (16%) while those who have been operating for above twenty years were 5 (25%).

4.2.2 Number of Branches

The study further investigated the number of branches each of the supermarkets had.

4.2 Number of branches

Branches	Frequency	Percent
Below 5	9	47
6 - 10	6	37
Above 10	5	16
Total	19	100

Analysis of results indicates that those supermarkets that had 5 branches or less were 9(47%) while those who had between 6 and 10 branches were 6(37%). Those supermarkets which had above 10 branches were 5(16%).

4.2.3 Size by employee number

The study further enquired on the size of employee workforce in the supermarkets.

4.3: Number of employees

Employees	Frequency	Percent
100 and less	8	42
101 - 200	4	21
Above 200	7	37
Total	19	100.0

The supermarkets with 100 employees or less were 8(42%) while those with more than 100 but below 200 were 4 (21%). The supermarkets which had more than 200 employees were 7 (37%).

4.3 Adoption of Shopper Marketing Tools

The study aim was to establish the extent of adoption of shopper marketing tools in Kenyan retail outlets. This section provides an analysis of the data received from the 19 medium and large supermarkets in Kenya on the subject matter. On whether the supermarkets or some suppliers of commodities conducted shopper marketing tools in the outlets surveyed, responses indicate that all were affirmative. This indicates that shopper marketing is adopted by all large and medium supermarkets in Kenya. The respondents were further required to indicate the level of extent they applied the shopper marketing tools indicated in table 4.4. Results are as presented in the table.

Table 4.4: Adoption of Shopper marketing tools

Shopper marketing tool	Very low extent (%)	Low extent (%)	Moderate extent (%)	Great extent (%)	Very great extent (%)
End aisle displays	16	21	11	26	26
Free standing product display racks	21	0	32	32	16
In store flyers	16	47	26	0	11
Navigational signs e.g. aisle directories, product markers	32	11	37	11	11
Display bins	26	0	32	42	0
Free standing advertisements and cutouts	16	26	37	21	0
Inflatables	16	16	47	11	11
Pallet of featured product	26	11	37	0	26
Shelf advertisements	11	11	42	21	16
Floor advertisements	16	26	21	37	0
Coupon dispensers or tear off pads	0	26	53	11	11
store staff	0	37	26	16	21
Refrigerator or freezer door advertisements	32	11	26	21	11
Video or interactive displays	32	26	21	11	11
Shopping cart advertisements	32	16	32	11	11

Results indicate that end aisle displays, store staff, shelf advertisement or wobblers, coupon dispensers and shelf advertisements were the most common forms of shopper marketing used by supermarkets in Kenya. These were the shopper marketing tools that had usage of moderate to great extent of above 60%. However, all the indicated shopper marketing tools were used but to a low extent and by a few supermarkets. Display bins, free standing advertisements and cutouts and floor advertisements were the least used by the supermarkets. These had usage of below 30% above moderate extent.

The findings also indicate that number of branches was positively correlated with years of operation (0.566) which is expected since the supermarkets which have

operated for many years are expected to have many branches. These findings agree with those from a study by Tsiros, Michael and Hardesty (2010) that manufacturers and retailers are increasingly focusing on the importance of in-store decision making. The study by Tsiros, Michael and Hardesty (2010) indicated that Procter & Gamble coined the phrase the “first moment of truth” to describe the first three to seven seconds when a consumer sees a product on the shelf. The importance that Procter & Gamble puts on in-store decision making according to this study is demonstrated by its appointment of a “Director of First Moment of Truth” and a supporting department. The study further established that other manufacturers and retailers are also increasingly investing in in-store decision making, as evidenced by the projected growth rate of 21% for in-store marketing through 2010. Furthermore, there are a growing number of joint promotions between marketers and retailers in the retail outlets. This trend was also reported from this survey as manufacturers placed marketers in retail outlets to market their products. This study established that shopper marketing enjoys a rosy outlook when spending on traditional marketing platforms, including television, print media and trade promotions, is in decline by the supermarkets. The study found that that shopper marketing’s move to center stage is powered by the urgent need to develop actionable insights capable of better influencing shoppers all along the path to purchase and generating measurable results. His study indicated that over 55 percent of manufacturers in the food, beverage, health and beauty, and household products categories surveyed said their investment in shopper marketing will grow by more than 5 percent annually over the next three years. In many cases it is growing more rapidly, often at double-digit rates. Companies are shifting their advertising and promotions mix away from traditional media, while trying to hold the line on further increases in trade promotions spending. They are planning to rapidly scale up spending on platforms that are closer to the point of purchase to create direct relationships with shoppers and drive more measurable results. This study established that that shopper marketing tools are adopted to a large extent by manufacturers and retailers in Kenya.

Table 4.5: Correlations of shopper marketing tools

	Years of operation	No. of branches	End aisle displays	Display racks	Store staff
Years of operation	1				
No. of branches	.566(*)	1			
End aisle displays	.589	.623	1		
Display Racks	.438	.773(**)	.364	1	
store staff	.628	.480(*)	.315	.474(*)	1

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

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

Further, the researcher sought to establish the relation between usage of the common shopper marketing tools with age of the supermarkets and number of staff in the supermarkets. A correlation matrix is presented in table 4.5. The matrix indicates that use of end aisle displays (0.589), display racks (0.438) and in-store staff (0.628) were all positively correlated with number of years of operation of the supermarkets. Further, use of end aisle displays (0.623), display racks (0.773) and in-store staff (0.480) were all positively correlated with number of branches the supermarkets had.

4.3.1 Effective Shopper marketing tools

The researcher inquired from the respondents about the most effective shopper marketing tools. Responses were diverse but analysis through content and thematic summary analysis established that in-store staff, shelf advertisement or wobblers, display racks and floor advertisements were the most effective forms of shopper marketing applied. Other tools applied but by the bigger supermarkets included video or span image, shopping cart advertisements, end aisle displays, free standing product display racks, pallet of featured product and shelf advertisement. Other shopper marketing tools which were mentioned to bring results included free standing advertisements and cutouts, display bins and inflatables. The study established that these tools capture the shopper attention while in the store and leads to impulse buying or reminds the shopper of a need. An earlier study by Inman, Winer and

Ferraro (2009) had similar findings. The study established that in-store marketing activities capture a shopper's attention and therefore drive up unplanned buying.

4.4 Benefits Derived From Shopper Marketing

The study inquired about the benefits the supermarkets derived from applying shopper marketing strategy in their outlets. Results are presented in table 4.6.

Table 4.6: Benefits Derived From Shopper Marketing

Shopper marketing benefits	Very low extent (%)	Low extent (%)	Moderate extent (%)	Great extent (%)	Very great extent (%)
Increased sales	0	0	11	63	26
Improved customer loyalty or overall return on investment	0	16	26	47	11
Improved relationships with customers	0	11	0	79	10
A better understanding of the shoppers' needs	0	11	21	37	32
Reduced cost in other methods of advertisement	0	32	26	26	16
Less costly than other methods of marketing	0	0	47	37	16

Analysis was done and those benefits that were mentioned to have been derived to a great extent and above by 50% of respondents were indicated to be significant. The major benefits that were indicated to emanate from shopper marketing included increased sales indicated by 89% of respondents; improved customer loyalty or overall return on investment indicated by 58% of respondents and improved relationships with customers indicated by 89% of the respondents. Other benefits include the supermarket having a better understanding of customer needs (69%), and the fact that using shopper marketing is usually less costly than other methods of marketing (53%). These findings agree with the findings of Grocery Marketing Association (2007) that in the coming years, there is a forecast of a compound annual growth rate of more than 20% for in-store marketing budgets. The findings are also in agreement with the observation of advertisement age that consumers make 70% of brand decisions in the store boosted shopper marketing and made other advertising

seem almost pointless. This was quoted by Neff (2008). In a study of British purchases in malls, Neff (2008) established that many purchases are unplanned, making marketing executives invest considerable resources inside the store to influence shoppers.

4.4.1 Major benefits from shopper marketing

An open question inquiring about benefits from shopper marketing was asked to the respondents. Results indicated that there were many benefits that supermarkets derived from shopper marketing. Some of them include the supermarket having a better understanding of shoppers needs, the supermarket reporting an improved relationships with customers and the supermarket reporting increased sales. This study agrees with a study by Young (2009) that unplanned buying clearly results from exposure to in-store stimuli. The study findings also agree with those from a study by Bucklin and Lattin (1991). This study established that the goals for the store are to better plan and execute marketing programs, such as in-store, online and mobile communications and promotions through all touch points. The supermarket is a place of sensory stimuli. Consumers are met with colorful product displays of fruits and flowers, perfectly aligned packages of snacks on end-cap displays, and even advertisements covering the floor. Some consumers use these in-store stimuli as cues to remind them of what products they need. Other consumers enter the store with an intention to buy only a certain set of goods, but this quickly changes as these in-store stimuli lead to purchases of unintended items. In either case, in-store stimuli trigger unrecognized needs and desires or trigger memories for forgotten needs, leading to in-store decision making, or unplanned purchasing. The study established that unplanned purchases were increased due to shopper marketing. This was reported in this case as supermarkets had a benefit of increased sales due to shopper marketing.

Further the study results indicate that supermarkets also derived cost savings advantages from shopper marketing. Responses indicated that shopper marketing was more effective and efficient than the traditional forms of marketing. Other benefits that were mentioned to be derived from shopper marketing included meeting customer demand, creating awareness about products and services to shoppers, building and maintaining customer loyalty, the product becoming more competitive and shopper getting more product knowledge. This study established that shopper

marketing is more efficient and focused. The study further found that shoppers buy because of stimuli in the shop. Many supermarkets and retailers spend heavily on in-store marketing to stimulate these types of purchases. Marketing to shoppers already in the store has been a concept which is applied by many large retailers and merchandisers. Shoppers may enter a store with an overall goal ranging from the very precise and concrete (e.g., to take advantage of a specific promotion) to the relatively abstract (e.g., to fill up on weekly needs). This study made similar findings that Kenyan supermarkets are applying shopper marketing to reap these benefits.

This study further established that shopper marketing offers a solution to these strains by crafting and delivering messages to consumers when they are in shopping mode and more receptive to relevant content. Shopper marketing is not just an effective means of driving action by creating trial and purchase, but also a way to increase awareness and loyalty, all of which are critical to long-term brand health. It is the promise of reaching consumers all along the path to purchase, from when they first begin to shop (at what Google calls the “zero moment of truth”) to the store shelf (at what Procter & Gamble dubbed the “first moment of truth”), that is causing manufacturers and retailers alike to invest in shopper marketing at rates rivaling the most popular digital platforms. Shopper marketing works since it stimulates shoppers to buy when they are in shopping mode.

4.4.2 Major limitations of shopper marketing

The researcher sought to investigate the major drawbacks and challenges from shopper marketing. This was to establish why supermarkets may not be adopting shopper marketing to a great extent as in other countries. Responses were analyzed using summary analysis and the following results derived. One challenge was that shoppers may be biased or may give wrong information just to please the shopper marketers or the staff in the supermarkets. Another major challenge was that shopper marketing uses the limited space in the supermarkets which stresses space resources in the supermarkets. Some supermarkets also indicated that they were challenged in applying shopper marketing due to their limited space and hard economic times. Further challenges included applying shopper marketing leading to overstocking of goods that move slowly. Another challenge was that customers lacked interest in shopper marketing. Other challenges which were not encountered on a great extent

were inept marketers and in some instances the method becoming expensive than other conventional marketing methods.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The preceding chapter presented the analysis, results and interpretation of the study findings. In this chapter, the writer presents the summary of findings and the conclusions that were derived from the findings. The writer also presents recommendations that are made for policy, practice or further research on the area.

5.2 Summary of findings

The purpose of this study was to investigate and determine extent of adoption of shopper marketing tools by supermarkets in Kenya. This section provides a summary of the major findings from the study. The section starts with providing general information, and then focuses on adoption of shopper marketing. The section closes with providing the benefits and challenges of shopper marketing. On adoption of shopper marketing tools, results indicate that end aisle displays, store staff, shelf advertisement or wobblers, coupon dispensers and shelf advertisements were the most common forms of shopper marketing used by supermarkets in Kenya. These were the shopper marketing tools that had usage of moderate to great extent of above 60%. However, all the indicated shopper marketing tools were used but to a low extent and by a few supermarkets. Display bins, free standing advertisements and cutouts and floor advertisements were the least used by the supermarkets. These had usage of below 30% above moderate extent.

Effective shopper marketing tools were reported to be instore staff, shelf advertisement or wobblers, display racks and floor advertisements or displays. Other tools applied but by the bigger supermarkets included video or span image, shopping cart advertisements, end aisle displays, free standing product display racks, pallet of featured product and shelf advertisement. Other shopper marketing tools which were mentioned to bring results included free standing advertisements and cutouts, display bins and inflatables.

The major benefits that were indicated to emanate from shopper marketing included increased sales, improved customer loyalty and overall return on investment. Other benefits include the supermarket having a better understanding of customer needs and

the fact that using shopper marketing is usually less costly than other methods of marketing. Further the study results indicate that supermarkets also derived cost savings advantages from shopper marketing. Responses indicated that shopper marketing was more effective and efficient than the traditional forms of marketing. Major drawbacks and challenges from shopper marketing as reported from the survey include the fact that shoppers may be biased or may give wrong information just to please the shopper marketers or the staff in the supermarkets. Other challenges encountered included stress on supermarket space, overstocking and inexperience in terms of the shopper marketers.

5.3 Conclusions

From the study findings, the following conclusions are arrived at. First, supermarkets in Kenya have greatly adopted the concept of shopper marketing with the objective of gaining competitiveness in the crowded product/service market. Common shopper marketing tools applied included end aisle displays, store staff, shelf advertisement or wobblers, coupon dispensers and shelf advertisements. Others included display bins, free standing advertisements and cutouts and floor advertisements.

Secondly, the supermarkets have derived competitive advantages from adoption of shopper marketing tools. The major benefits include increased sales, improved customer loyalty and improvement in overall return on investment. Other benefits include the supermarket having a better understanding of customer needs, and the fact that using shopper marketing is usually less costly than other methods of marketing. The supermarkets had derived the benefit of a better understanding of their customers hence able to serve them better. Further, shopper marketing is more effective and efficient than the traditional forms of marketing.

In their application of shopper marketing, the supermarkets have encountered various challenges. These include the fact that shoppers may be biased or may give wrong information just to please the shopper marketers or the staff in the supermarkets. Another major challenge was that shopper marketing uses the limited space in the supermarkets which stresses space resources in the supermarkets. Some supermarkets also indicated that they were challenged in applying shopper marketing due to their limited space and hard economic times. Further challenges included applying shopper marketing leading to overstocking of goods that move slowly. Another challenge was

that customers lacked interest in shopper marketing. Inept marketers and high cost of methods such as interactive video marketing were other major challenges.

5.4 Recommendations for Policy and Practice

The findings of this study have resulted to the following recommendations by the researcher. First, supermarkets should first assess the contribution of shopper marketing tools to overall performance of the store before adopting such tools. Shopper tools should be applied to maximize returns. Promotions should be placed early in a typical store pattern to target consumers with slack remaining and later to target consumers who have depleted their slack. Because the findings also depend on whether items are planned or unplanned, managers need to familiarize themselves with which items tend to be of which type. The management should assess whether in-store promotions on planned items are effective in generating incremental sales.

Shopper marketing is utilizing technology and contemporary methods of marketing to consumers. Consumers of today have less time and have more information about prices, products and shopping locations. Marketers therefore should invest time and resources to design shopper marketing tools that are appealing to customers. In designing a winning shopper marketing strategy, the following must be in place: shopper-centric thinking; a shopper-centric culture; an intimate, household-level understanding; brilliant execution; continual measurement/ improvement and strategic collaboration. This should result in better performance.

Lastly, Small and medium supermarkets are encouraged to adopt this new concept which is more targeted and efficient than the traditional marketing methods. The field of marketing is being driven by innovation and these small supermarkets should adopt this concept to drive growth.

5.5 Recommendations for Further Research

This study was carried out in the medium and large supermarkets in Kenya. Kenya has over according to the economic survey (2010), Kenya has over 206 supermarkets and 18 hypermarkets. The small supermarkets are up coming and are growing by the day. They are becoming a competitive force in the supermarket sector. A survey needs to be carried out in the small supermarkets sector to find out the marketing

strategies they are applying to get a share of the competitive market. Further, a study needs to be carried out which will empirically test the relationship between usage of shopper marketing tools and financial performance of the retail sector players.

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APPENDICES

Appendix I: Questionnaire to Marketing managers of Supermarkets

SECTION A: GENERAL INFORMATION

(Kindly [√] tick as appropriate or put your response on the space provided)

1. When did the supermarket start operations?.....
2. How many branches does the supermarket have?.....
3. How many employees does the supermarket currently have?.....
4. What is the yearly marketing spending of the supermarket in Ksh?
.....

SECTION B: ADOPTION OF SHOPPER MARKETING TOOLS

1. Have the supermarket or any manufacturer conducted shopper marketing in this stores?

Yes []

No []

2. State the extent to which you agree or disagree on the statements below according to the extent of your use of listed shopper marketing tool (tick appropriately)

Very Great Extent [5] Great extent [4] Moderate Extent [3]

Low Extent [2] Very Low Extent [1]

Statement	Response Ratings				
	1	2	3	4	5
End aisle displays					
Free-standing product display racks					
In-store flyers					
Navigational signs (aisle directories, product markers)					
Display bins					
Free-standing advertisements, cutouts					
Inflatables (adverts that are inflated)					
Pallet of featured product					

Shelf advertisements					
Floor advertisements					
Coupon dispensers/tear-off pads					
Store staff					
Refrigerator/freezer door advertisements					
Video or interactive displays or kiosks					
Shopping cart advertisements					

5. In your view, which of the shopper marketing tools mentioned above is/are the most effective?

.....

.....

.....

.....

.....

SECTION C: BENEFITS DERIVED FROM SHOPPER MARKETING

1. In your own view, indicate the extent the benefits listed in the table below have been realized by manufacturers or the supermarket by adopting shopper marketing?

Very great extent [5] Great extent [4] Moderate [3]
 Low extent [2] Very low extent [1]

Benefits	Ratings				
	1	2	3	4	5
Increased sales					
Improved customer loyalty or overall Return on investment					
Improved relationships with customers					
A better understanding of the shopper's needs					
Reduced cost in other methods of marketing					
Less costly than other marketing methods					

2. In your opinion, what can you rate as the major 3 benefits that the supermarket gets from shopper marketing?

i).....

ii).....

iii).....

3. What are the major pitfalls of shopper marketing?

.....

.....

.....

Thank you for your participation

Appendix II: List of Medium and large supermarkets in Kenya

1. Nakumatt Holdings Ltd
2. Tuskys Supermarket
3. Ukwala Supermarket
4. Uchumi supermarkets
5. Naivas Supermarket
6. Nova Supermarket Ltd
7. Armed Forces Canteen Organization
8. Builders Supermarket Ltd
9. Buru Buru Mini Market
10. Cash & Carry Ltd Supermarkets
11. Chandarana Supermarkets Ltd
12. Clean Way Ltd Supermarkets
13. Continental Supermarket Ltd
14. Deepak Cash & Carry Ltd Supermarkets
15. EastMatt Supermarket Ltd
16. Ebrahim & Co Ltd Supermarkets
17. Fairdeal Shop & Save Ltd Supermarkets
18. Jack & Jill Ltd Supermarkets
19. Karen Supermarket
20. Mesora Supermarket Ltd
21. Metro Cash & Carry (K) Ltd Supermarkets
22. Muthaiga Mini Market Ltd
23. Clean Shelf Supermarket Ltd