

THE STATE OF MARKETING INTELLIGENCE
ACTIVITIES IN KENYA'S RETAILING
SECTOR

THE CASE OF SUPERMARKETS IN NAIROBI
(KENYA)

BY

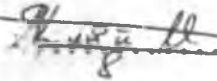
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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

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

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Date :..... 5th January 1996

DEDICATION

To my Parents : Kiplagat and Jepkemboi.

For their guidance, Love and Parental care.

Thank you and may God, the Almighty bless you.

To my Brothers and Sisters.

For being my role models. Thank you, you steered me to the right vectors.

To Kipng'etich, Kirwa, Kipchoge, Kipmeli, Kiprono, Kipmaiyo, Kipsang and Kibet ; Who have been a source of Inspiration and Companions in my effort to discover my academic destiny.

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LIST OF ABBREVIATIONS

1. AMA - American Marketing Association
2. IDS - Information Data Search
3. KCC - Kenya Co-operative Creameries
4. Ksh. - Kenya Shillings
5. MDSS - Marketing Decision Support System
6. MI - Marketing Intelligence
7. MIS - Marketing Information System
8. R & D - Research and Development
9. SEC - Security and Exchange Commission (USA)
10. USA - United States of America
11. CC - City Center (Nairobi)
12. WA - Westlands areas of Nairobi
13. LS - Large Supermarkets
14. SS - Small Supermarkets
15. IK - Indegeneous Kenyans
16. AK - Asian Kenyans
17. OK - Other Kenyans

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much information as you gave me.

Bett, thanks alot for the printing work and if I have erroneously left any one out, my apologies. Nevertheless, I shall remain heavily indebted for all your contributions.

ABSTRACT

Given the current strategic focus in business, a common place admonition is to understand competitors strengths and weaknesses in the market, then to position one's own offerings to take advantage of the weaknesses and avoid head-to-head clashes against strengths (Aaker, 1988).

The study contained in this report, therefore sought to investigate the state and extent of marketing intelligence activities in Kenya's retailing sector, with particular reference to supermarkets in Nairobi.

In order to realize the objective of this study, a survey was carried out. The primary data was collected through personal interviews with 31 supermarket executives at the City center and the Westlands areas of Nairobi. The interviews were guided by a questionnaire - with undisguised open and closed questions derived from the model of the marketing intelligence system given in the literature review.

Once the data had been collected, it was analyzed with the help of descriptive summary statistics; proportions, percentages, means, frequency distributions and tabulations. The study being investigative in nature.

The results of this study revealed a supermarket profile, with its building blocks centered around the absence of a marketing department in most supermarkets, forcing their directors to informally set unwritten marketing objectives and plans. Most supermarkets are pro-active in their promotional campaigns, while being re-active in their fight against competition.

The supermarkets surveyed, confirmed the use of descriptive, speculative and defensive marketing intelligence by most supermarket directors in making marketing decisions, that touch mainly on all the variables of the marketing mix. However, aggressive marketing intelligence was found to be used by the large and City center based supermarkets.

To set up a marketing intelligence system, most supermarkets rely heavily on marketing intelligence from the market, competitive and the economic trends. However, they rely on analyzing the physical evidence,

observing, personal contact and the media, as their main source of marketing intelligence.

Most of the marketing intelligence activities among the supermarkets surveyed, are done informally and without the use of data bases, while, a few isolated cases of supermarkets with formally established marketing intelligence departments were reported. It was established, nevertheless, that each supermarket, has at least the equivalent of one full time employee undertaking marketing intelligence activities, though usually assigned other company duties.

All supermarkets contacted revealed an increase in the marketing intelligence activities budgets, especially during the early 1990's, indicating a growing concern by supermarkets to it's need. However, lack of resources, was cited mostly as being the major limitation hindering marketing intelligence activities.

In analyzing the marketing intelligence gathered, most supermarkets rely on the activity capability of the intelligence gatherer. In turn, most intelligence gatherers rely heavily on meetings to deliver marketing intelligence to the key decision makers and employees of the whole organization.

Most of the supermarkets studied use marketing intelligence in estimating market changes. These changes may lead to the semi-annual or annual review of marketing objectives and plans.

The findings from the study, however, led to the following conclusion, that for businessmen and in particular marketers, marketing intelligence activities are a fact of life and that improvements in intelligence gathering from the marketing environment, may or may not lead to improvement in the organizational performance. Emphasis, nevertheless, should be on the ability of the employees of the whole organization and key decision makers, with the aid of the marketing intelligence gathered, to uncover or infer competitor strategy and other competitive factors. To the extent that this is possible, a supermarket may attain great competitive advantage.

The study, however, faced limitations. The large leading supermarket chain in Nairobi among others did not respond to the survey and there was lack of resources and time to undertake a more comprehensive study.

CHAPTER I
INTRODUCTION

1.00 BACKGROUND

Marketing executives derive their information about the market-place through internal company records, marketing intelligence and formal marketing research. The information analysis then processes this information to make it more useful for managers. The alert marketing executive recognizes that each of these areas has a potentiality for considerable improvement.

Marketing intelligence activity describes the continuous efforts of marketing executives to keep informed about current developments among customers, dealers, competitors and the marketing environment (Kotler, 1970). Kotler and Armstrong (1993), advances this further and asserts that the marketing intelligence system determines what intelligence is needed, collects it by searching the environment and delivers it to marketing managers who need it. Three key trends in the area of marketing intelligence are :

- companies are giving better training and motivation to their sales men regarding there role and responsibility as ``information officers'' of the firm,
- some companies are assigning full-time personnel to the task of gathering marketing intelligence through field work and through continuous scanning of published information and
- companies are seeking to build central information files on dealers, customers and competitors so that their executives will have ``fingertip'' information.

Development of marketing information systems (MIS), as a top management support strategy, are costly and time consuming. It's development efforts are unique in that they do not age well. Many of the activities involved in developing an information system are artistic in nature, despite the fact that such systems appear to be the epitome of scientific and engineering achievement (King, 1979). Because of this, they are not easily taken up by other people once they have been set aside.

It is imperative, therefore, that the continued support of top management be achieved. As Skewe (1974) says about marketing systems:

''... top management must be given tangible evidence of the value of marketing oriented information system as a total commitment from top executives within the firm and also within the marketing area itself. This commitment must, naturally, involve heavy financial commitment - but equally important is top management's leadership in developing an appreciation of the need and desirability of a MIS, an orientation that will filter down through the organizations ranks. In order to obtain this commitment, the initial MIS efforts should be focused upon providing immediate and tangible returns on the corporate investment in the marketing information systems.''

Schewe's comment implies a strategy based on the principle that the achievement of top management support is an essential ingredient for success in any complex, costly and time consuming activity such as marketing information systems design and development. In reciprocation, an effective marketing information system should function as a top management support strategy in decision making.

1.10 The Marketing Environment

Several definitions have been advanced by various scholars, marketing practitioners, researchers and marketing associations. The American Marketing Association (AMA - 1985), definition will be adopted for the purpose of this project :

''Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.''

This definition will be referred to in tandem with Kotler and Armstrong (1993) definition, that :

'' Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.''

Therefore marketing means working with markets to bring about exchanges for the purpose of satisfying human needs and wants.

A company's Marketing environment consists of actors and forces outside marketing that affect marketing managements ability to develop and maintain successful transactions with its target customers. To be successful, a

company must adapt its marketing mix - product, price, promotion, place, probe and in addition - people, physical evidence and processes for service markets, for trends and developments in the environment.

The changing and uncertain marketing environment deeply affects a company. Instead of changing slowly and predictably, the environment can produce major surprises and shocks. How many managers at the Kenya Co-operative Creameries (KCC) foresaw the end of government protection ? Which auto companies foresaw the huge impact that consumerism and environmentalism would have on their business decisions ? Who in the American Electronics industry foresaw the dominance of the Japanese and other foreign competitors in world markets ?.

Turbulence in the marketing environment, offers both opportunities and threats, and the company must use its marketing intelligence system and marketing research to monitor the changing environment (Kotler and Armstrong, 1993). The marketing environment is made up of the micro environment, which consists of forces close to the company that affects it's ability to serve its customers - the company, suppliers, marketing intermediaries or channel firms, customers, competitors and publics and the macro environment - the demographic, economic, natural, legal, technological, political and cultural forces.

1.20 Theoretical and Empirical Studies

1.21 Practical Report.

The Coca-Cola company has one of the largest, well managed and most advanced research operations world wide. Good marketing research has kept the company on top of the rough-and-tumble soft drink market for decades. But Marketing research is far from an exact science. Consumers are full of surprises and figuring them out can be awfully tough.

In 1985, the Coca-cola company made a spectacular marketing blunder. After 99 successful years, it set aside it's long-standing rule - '' don't mess with mother Coke '' - and dropped its original formula Coke ! In its name

'New' Coke with a sweeter, smoother taste. The company boldly introduced the new taste with a flurry of promotional campaigns which received enthusiastic market response. But sales soon went flat, as a stunned public reacted with mails, phone calls, protests staged and class-action suit threatened unless the old Coke was restated.

Quick reaction aided by marketing intelligence activities (MIA) saved the company from potential disaster. After just three months, Coca-cola company brought back the old Coke, and marketed side by side with the 'New' Coke. By 1987, the old coke was again the company 'star' brand. Coke's marketing research focused on tangibles and neglected erroneously the usefulness of MIA, to uncover the marketing environment's reaction, especially on Coke's intangibles - name, history, packaging, cultural heritage and image (Honomichl, 1985 ; Winters, 1989 and Moore, 1992, in Kotler and Armstrong, 1993).

1.22 Theoretical Studies

According to Business Week article, (' ' The Business Intelligence Beehive,' ' December 14, 1981, page 52), Closing the software gap is now the main thrust of Japan's activities in silicon valley They installed and staffed listening posts with software engineers and hired American software experts, supported by a collective budget of between 20 to 30 million sterling pounds a year. Based on this revelation, Fuld (1988), argued that a well-organized MIA can significantly increase company's profits and protect the firm from losing business to it's competitors.

MIA has greatly increased the supply of information to company managers. Neisbitt (1984), Suggested that the United States of America (USA) is undergoing a ' 'megashift' ' from an industrial to an information-based economy. He found that more than 65 percent of the USA workforce is employed in producing and processing information, compared to only 17 percent in 1950. Using computer systems and other information technologies, company's can now provide information in great quantities, consequently increasing their

competitive edge. This phenomenon has been felt to a great extent among developing market based States including Kenya.

Miller (1987) and Fuld (1989), warns that marketing intelligence activities can work in two directions, so companies must sometimes take steps to protect themselves from the snooping of competitors. Company's such as Dupont (USA), in its corporate offices display a poster showing two people at a lunch table and cautions, "Be careful in casual conversations. Keep security in mind."

Some company's set up an office to collect and circulate marketing intelligence. The staff scans major publications, summarizes important news and sends news bulletins to marketing managers. It develops a file of intelligence information and helps managers evaluate new information. These services greatly improve the quality of information available to marketing managers, leading to better decisions and make managers better decision makers (Schlossberg, 1990 and Rorsh, 1991).

1.23 Empirical Studies

Today, company's face increasingly stiff competition and the rewards will go to those who can best read customer wants by continuously scanning the marketing environment and deliver the greatest value to their target customers. In the market place marketing skills will separate the amateurs from the professionals.

Tom Peters and Robert Waterman (1982), studied many successful companies in the USA - Packard, Frito-lay (Pepsi co.), Procter and Gamble, 3M, McDonald's and Marriot among other's with subsidiaries in Kenya - to find out what made them tick. They found that these companies shared a set of marketing principles : Each boasted a keen understanding of customers ; Strongly defined markets ; Ability to motivate their employees to produce high quality and Value for their customers.

It is quit evident then, that MIA provides an enabling environment for the successful operation of the identified marketing functions.

The critical need for marketing in today's companies is dramatically documented in Yankelovich et al (1984) study, in which senior managers of USA companies identified their foremost problem as "developing, improving and implementing competitive marketing strategies." The marketing environment turbulence calls for development of an information base through MIA, to aid in decision making. This concurs with the theoretical study findings highlighted earlier.

Albrercht and Zemke (1985), Cavanaugh and Clifford, Jr. (1985), Lele and Sheth (1987), concurred with Peter's and Waterman's (1982) findings and further presented their views on the attitudes and strategies that make companies great. Although they suggest many factors that make a company or business successful - great strategy, dedicated employees, good information system and excellent implementation - each researcher emphasized the central importance of dedicating the business to sensing, serving and satisfying the needs of customers in a well understood target market. Implicit under these revelations is the salience of MIA, in trying to understand the marketing environment.

In a survey of Corporate Intelligence Gathering, Information Data Search (IDS - 1985) USA, found that 25 Fortune-500 companies surveyed, have an individual or a group within a department or a full department devoted to gathering intelligence from the business environment. As earlier stated, the environmental changes if not scanned and incorporated in decision making, may lead to business failure. Studies by IDS (1986) USA on smaller than Fortune-500 companies, confirmed the 1985's findings.

Contrary to IDS (USA) findings, Rue (1974), Aosa (1992) and Karemu (1993) found that businesses in Africa (kenya) undertake competitor and external environmental analysis - aspects of MIA - informally and unsystematically. This may explain the pathetic state of business response to turbulence in the marketing environment especially in Kenya, evidenced by frequent reports of business failure to adapt, thus succumbing to forces of selection. However, Aosa's and Karemu's findings contradicted Shumpusho

(1983) findings, where the later had concluded that businesses in Africa undertake external analysis for corporate planning (corporate intelligence activities, according to Fuld, 1988) formally and systematically. Karemu attributed this conflict of results to the nature of the business concerns studied.

1.30 Retailing in Kenya

A tenet of both marketing and strategy texts in the retail sector is the significance of keeping a close eye upon the changing business environment. A danger is that businesses become obsessively pre-occupied with their own technologies and histories and wedded to the business they are in, even if the market in which they are trading no longer values their services and competitors offer different and better services, more attractive to customers. Such changing circumstances can be very painful for those managing and staffing such businesses.

Though retailing is an old practice in Kenya, the advent of supermarkets, is a new phenomenon having been founded in 1970's, Uchumi and Ebrahims. Since then, Nakumatt, Jack and Jill, Jamia, Shaflus, Sunbeam among others have been established.

As Berry (1982) stated ; ''slowing economic growth, the sharply spiralling costs of crucial resources, fierce competition and tougher, more demanding customers are turning retailing into an all out, no holds barred competitors. It is becoming more and more clear that the growth of individual retailers in the 1980's and beyond will come at the direct expense of competitors rather from the ebullient consumers and the booming economies of an earlier era. Now everybody is getting in to everybody else business.'' These views were echoed by Suresh, Shah and Schon (1992), when commenting on the state of competition among retailers - supermarkets in Kenya (Nairobi).

The fact is that retailing is now a mature industry in Kenya. It is characterized by increasing price competition, falling gross margins and returns within the industry, the closure of independent and medium - sized

outlets and acquisition and mergers as the industry rationalizes and becomes more concentrated. The implication for retailing and retailers are significant. Certainly, competition in retailing is tougher and retailers-supermarkets have attempted to cope with increasingly tighter conditions. However, there are also opportunities arising as the industry restructures to reflect environmental changes (evidenced by new supermarkets) and retailers rethink the bases of competition.

To successfully manage a retail business - supermarket during the 1990's and beyond, there is need to be sensitive to a changing retail environment. This calls for effective and efficient marketing intelligence activities, to provide executives with the intelligence needed for appropriate decision making.

Expenditure in retail will be dependent on the levels of customers real income certainly, and there are of course, debates about the extent to which this can be expected to rise in the near future. There are also differences of opinion about the extent to which disposable income will become polarized between those in secure high - income positions and those with low income jobs or no jobs at all, due to high unemployment levels. Linked to these changes will be the fundamental changes in the demographic profiles, changes in the working populations, technology in retailing, political-legal, socio-cultural, among other marketing environmental factors. Resource, distribution and consumer markets have become increasingly influential in the industry. This calls for continuous scanning of the environment to uncover possible threats and opportunities for the retailer.

The unfolding of a dramatically different retail environment has created a retail response. Lusch (1987), echoed Segal-Horn (1987) profiles of important trends in United Kingdom retail environment and stated further that in large measures, these trends are being mirrored in USA and other capitalistic states retail environments. Lusch further suggested response behavior which has been reflected by retailers in Kenya. These includes a rise in life style retailing, the 'pile it high, sell it cheap' era of mass

merchandising is clearly over, the boundaries between products and services is becoming blurred, many retailers are now running a portfolio of businesses, increased use of computers and MIS and gaining more control over the marketing channels. One notable response in Kenya's retailing sector - supermarkets is that designing of space is increasingly becoming a way of differentiating a retailers merchandise mix. Supermarkets are beginning to refurbish and upgrade the quality of their stores, Ujumi, Nakumatt, Jack and Jill, Shaflus, Jamia (1990's).

The structural adjustment programs currently being implemented in Kenya has precipitated turbulence in the marketing environment. The retailing sector has faced threats thus the restructuring in some supermarkets while opportunities have precipitated the emergence of new supermarkets. This emphasizes the need for MIA among the retailers (supermarkets).

1.40 **Statement of the Problem**

Kotler and Armstrong (1993), points that, in carrying out marketing analysis, planning, implementation and control, marketing managers need information about customers, competitors, dealers and other forces in the market - place. Harper (1961), put it this way ; '' To manage a business well is to manage its future ; and to manage the future is to manage information.'' Increasingly, marketers are viewing information not just as an input for making better decisions, but also as an important strategic asset and marketing tool (Glazer, 1991).

Most companies were small during the first century and the early years of the second century and knew their customers first hand, similar to the present day small companies. However, during this century, many factors have increased the need for more and better information. As businesses widen their scope of operations, they need more information on larger, more distant markets. As retailers increase and buyers become more selective, sellers need better information about how buyers respond to different products and appeals. As sellers use more complex marketing approaches and face more

competition, they need information on the effectiveness of their marketing tools. More importantly, in today's rapidly changing (turbulent) environments, managers need more up-to-date information to make timely decisions.

Today, managers sometimes receive too much information. For example, Winski (1991) and a related study in 1987, found that with all the companies offering data, and with all the information now available through supermarket scanners, a packaged-goods brand manager is bombarded with one million to one billion new numbers each week. Neisbitt (1984), had forewarned : ``Running out of information is not a problem, but drowning in it is.''

Marketers though, frequently complain that they lack information of the right kind or have too much of the wrong kind. Or marketing information tends to be widely spread throughout the company that it takes great effort to locate even simple facts. Subordinates may withhold information they believe will reflect badly on their performance. Important information often arrives too late to be useful or on-time information is not accurate.

So marketing managers need more and better information in management form. Companies have greater capacity to provide managers with greater information but often have not made good use of it (Kotler and Armstrong, 1993). Many companies are now studying their managers information needs and designing information systems to meet those needs.

It is against these sequence of events, coupled with the apparent value in some aspects of business marketing intelligence activities (MIA) drawn from past studies highlighted, that this study is mooted. Studies in corporate intelligence activities by IDS USA (1985-6) were based on Appliances, Banking, Chemicals, Communications, Electronics, Financial Services, Food processing and Publishing Businesses.

However, Shumpusho (1983), Mwanzi (1991), Aosa (1992), Odera (1992) and Karemu (1993), when studying strategic management practices in Kenya's businesses touched on some aspects of MIA and reported mixed results. Notable is Aosa and Karemu's result which contradicted Shumpusho's findings.

No study known to the researcher has been done on marketing intelligence activities among the Kenya's businesses nor the wider marketing information and corporate intelligence activities, especially in reference to the retail sector, the proposed area of study.

1.50 **Objective of the Study**

The proposed study is therefore expected to answer questions arising from the research objective :

To investigate the state and extent of marketing intelligence activities (MIA) in Kenya's retailing sector, With Particular Reference to Supermarkets in Kenya - Nairobi.

1.60 **Significance of the Study**

The importance of marketing intelligence activities, as a marketing strategy cannot be overemphasized in today's competitive marketing environment, yet in the past, little if any attention has been directed to this area in Kenya. This survey, it's hoped, will arouse the interest of scholars, researchers and practitioners, who may opt to study MIS aspects in the future.

The study is also expected to sensitize executives in the retailing sector to the need of marketing intelligence activities, especially during the present day turbulence in Kenya's marketing environment.

As witnessed in literature review - marketing intelligence and Kenya's retailing sector, there is little information documented. This study therefore, is expected to augment recent studies in contributing literature.

CHAPTER 2

LITERATURE REVIEW

MARKETING INTELLIGENCE

2.10 INTRODUCTION.

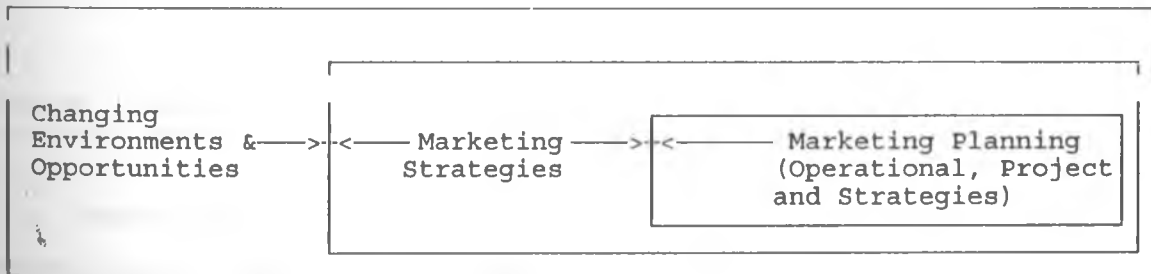
The subject of discussion in this chapter is marketing intelligence activity, it's development, forms, it's value and its limitation to the organization / retailer. A model of the marketing intelligence system, according to Kotler (1970) and refined further in Kotler and Armstrong' (1993), Lazer and Culley (1983), adopted in Fuld (1988) and Gelb et al., (1991), will also be presented .

2.11 The Marketing Planning Process.

Marketing planning is an ongoing process designed to facilitate an orderly and effective coordination of all of an organization resources an aspirations in carrying out the marketing strategies that have been formulated to conform to everchanging market opportunities (Lazer and Culley, 1988 and Kotler, 1988)

Figure 2-1 depicts the interrelationship among changing environments and opportunities, marketing strategies and marketing planning.

Figure 2-1 Market Opportunities, Strategies and Plans



Source: Lazer and Culley, Marketing Management ; Foundations and Practice, Houghton Mifflin Company (1983) Pp. 162.

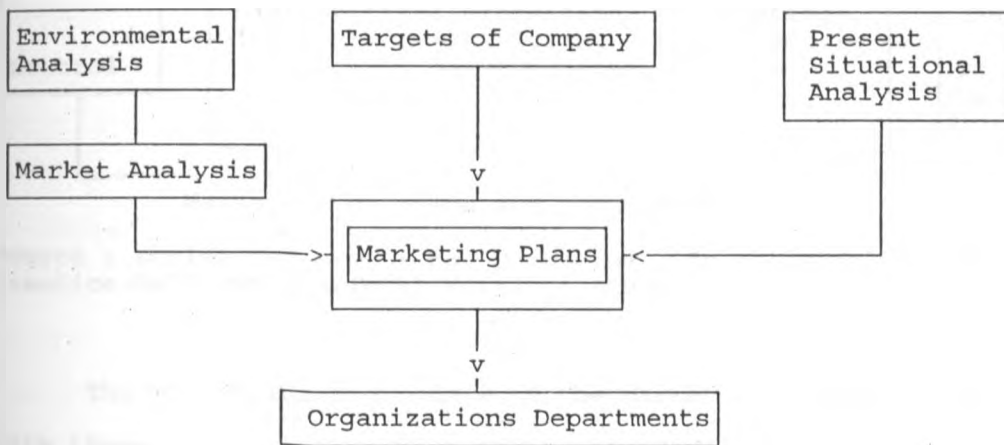
Marketing planning is a way of designing an organizations future and specifying how that future might be attained. Besides providing logical approaches to implementing strategies, according to Lazer and Culley (1983),

marketing plans offer three other important benefits :

- They furnish an early warning system, since deviations from plans alert managers to potential problems.
- Plans offset the tendency for individual marketing units to seek to optimize their own goals rather than those of the overall unit or division.
- Plans provide an ongoing review system by which the efficacy of various strategies can be appraised and adjusted.

The marketing plans, utilizes information from all other planning elements. It also brings in new information as a result of feedback from the marketing and it forms the basis for other plans - product development, production investment, purchasing, transportation, warehousing, personnel and financial plans.

Figure 2-2 Marketing Planning



Source : Lazer and Culley, Marketing Management; Foundations and Practice, Houghton Mifflin Company (1988), Page 164.

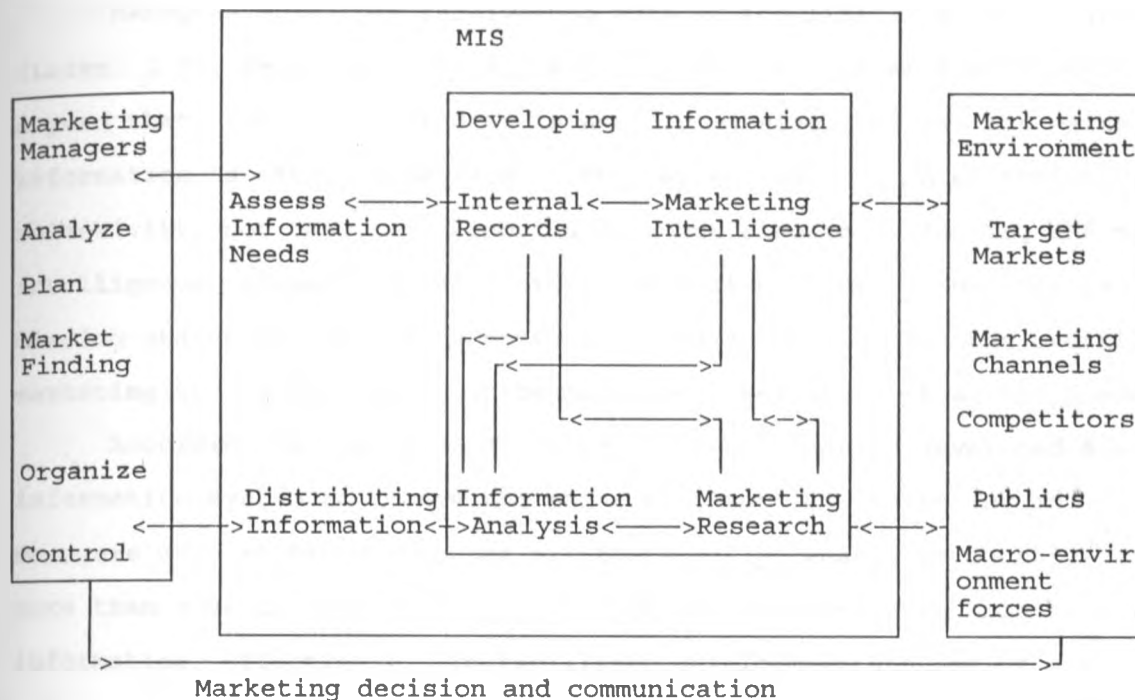
Market analysis - environmental and present situational analysis, reveals marketing intelligence which is the basis of the marketing plan for each organizational product group and thus quids the various activities of the organization, including financial planners (who, in turn, make up the corporate plan).

2.12 The Marketing Information System (MIS).

According to Kotler and Armstrong (1993), a marketing information system

(MIS) consists of people, equipment and procedures to gather, sort, analyze, evaluate and distribute needed, timely and accurate information to marketing managers.

Figure 2-3 The marketing Information Concept : Illustration ;



Source : Kotler and Armstrong, Marketing , An Introduction, Third Editions, Prentice-Hall International Editions (1993)

The MIS begins and ends with the marketing managers. First it interacts with these managers to assess their information needs. Next, it develops the needed information from internal company records, MIA and the marketing research process. Information analysis processes the information to make it more useful. Finally, the MIS distributes information to managers in the right form and at the right time to help them in marketing planning, implementation and control.

2.13 Marketing Information Within the Organization.

Much of the needed information to manage such functions as manufacturing and finance stems from the same data on which marketing information is based. However, Lazer and Culley (1983), warns that, attempts to establish a single

information data base and a common information system to serve all corporate functions have proved ineffective. Usually, the vastness of the data base and the diversity of the information needed make it too difficult to process the data into formats that can be used by all functional areas.

Managers sometimes receive too much or too little marketing information (Lazer, 1983; Neisbitt, 1984 and Winski, 1987-9). Lazer and Neisbitt, further argued that, the volume of data is usually massive, and yet its value as information is often inadequate. The key to creating an effective MIS is selectivity, not only in collecting data but also in evaluating the marketing intelligence, presenting and deciding on action plans. The organization's mission statement, corporate objectives and strategies and the overall marketing strategies should guide management selection of action plans.

According to Sparks (1976), Whirlpool Corporation developed a new information system to 'tame the paper elephant'. Marketing and sales managers once received computer printouts daily, weekly or monthly regarding more than seventy area of analysis. Yet few managers were able to use the information effectively. To facilitate development and use of adequate, relevant intelligence, they established a centralized MIS that included video display screens so that intelligence did not have to be distributed to everyone and yet was readily available to any manager who needed it. In addition MIS was designed to emphasize timely information in usable formats. The system also includes an 'exception' monitoring process that alerts managers to deviations from plans.

The marketing information activity is a staff function. It serves executives by providing the proper basis for decisions and thus influences and shapes the marketing plans, policies and strategies (Lazer, 1983). Traditionally, the management of marketing information did not receive high organizational priority. Today, however, the interest in creating more effective MIS's is strong and growing, both because managers recognize that a good MIS improves performance and because data techniques and technologies have made great strides (Lazer, 1983 ; Byars, 1987 and Kotler and Armstrong,

2.14 Range of Marketing Information

Kotler and Armstrong (1993), echoed Neisbitt (1984) and Lazer (1983) , in asserting that the diversity of information needed to manage marketing activities is staggering even for experienced, prosperous organizations.

Table 2.0 : Range of Marketing Information

Invoices	Market research input
- prices	- audit and panel data
- quantities purchased	- special projects
- customer names and locations	- customers' demand schedule
- methods of delivery	- questionnaire replies
- dates of orders	Sales
Annual reports	- by product
- of customers	- by product line
- of competitors	- by customer class
- of suppliers	- by cost center
Trade associations data	- by region
Payroll	- by sales person
Departmental budgets	- by competitors
Manufacturing cost reports	Life cycle analysis
Accounts receivable	Market share
Accounts payable	Inventory
Inventory reports	Forecasts
Trade Journals	Technical service
Sales call reports	Marketing personnel
Personnel department reports	- turn over ratio
Census data	- hiring ratio
Marketing cost reports	- transfers
Financial	- promotions
- credit	- absenteeism
- discount analysis (by customer, region among etcetera)	Profitability
- promotional allowances	- by product
- budgets	- by product line
Customer list	- by customer class
New accounts	- by sales person

Source : Journal of Marketing, Published by the AMA, Conrad Berenson, 'Marketing Information System,' 33 (October 1969), 19.

As shown in Table 2.0 marketing managers are bombarded by many questions, problems and decision points, each of which may require information - of all kinds to be gathered from both inside and outside the organization - in different formats and at different intervals.

2.20 Marketing Intelligence Defined

Although everyone has some idea of what information is ___ after all daily life brings a barrage of it ___ marketers and others who must manage information need precise definitions and distinctions among related terms.

Data are popularly assumed to be information, but ;

according to Lazer and Culley (1983) :

''Data are information raw materials, component facts and propositions that can be assumed or measured in drawing a conclusion. . Once data have been assembled, analyzed and organized, they become information ; that is they become useful for decision making. Data are not useful until they have been processed in to information.''

Information per se still is not an adequate basis for marketing management, for the information must be valid, reliable and relevant to the marketing efforts. Lazer and Culley (1983), argues :

''The capacity to acquire and apply such information is called 'marketing intelligence activity', a surveillance and assessment process that reveals possible causes and likely outcomes. This is done by means of a Marketing Decision Support System (MDSS) - efforts to assemble and process data and information into marketing intelligence that management can use in planning and implementing the organization's strategies.''

2.21 The Historical Development

MDSS has gone by many names since the 1960's ; Integrated information system, Total system, On-line real-time system, Distributed processing system and Computer based information system. The term that has lasted longest and seems most popular, according to Lazer (1983) and Kotler and Armstrong (1993) is MIS. The MIS generates an orderly flow of marketing intelligence from both inside and outside the organization on a routine basis.

Kotler and Armstrong (1993) concurs with Lazer and Culley (1983) when he says that :

''Marketing Intelligence is everyday information about developments in the marketing environment that helps managers prepare and adjust the marketing plans.''

This definition derives from Kotler (1970) description of MIA as continuous efforts of marketing managers to keep informed about developments in the

marketing environments.

2.30 Types of Marketing Intelligence

Marketing intelligence, according to Lazer and Culley (1983), can be categorized into various general ways, other than the functional classifications - of general marketing information, used in an organization.

2.31 Descriptive and Speculative

Descriptive intelligence characterizes consumers, products and markets at a given time. While Speculative intelligence is forward looking and prepare the organization for the future.

Although speculative intelligence is essential for planning and long-term prosperity (since it involves such factors as sales and cost forecasts, possible environmental conditions and competitors likely courses of action), descriptive intelligence is the basis for daily operations and decisions. As in personal life, organizations need to know both where they are - marketing environment description and where they are going - speculation. A well designed marketing intelligence system offers managers both kinds of intelligence.

2.32 Aggressive and Defensive Intelligence

Lazer (1983) agrees with Hamilton's (1967) view, that as in personal life, organizations need to know when to press ahead and when to consolidate their position. Aggressive intelligence is the basis for developing a thrust or a change in strategy to enhance the organization's position. For example, intelligence about market environment for a proposed new product or service may spur management in to action - Case of Uchumi supermarket's proposed weekly sale offer and subsequent immediate response from the competitors - Jack and Jill and Nakumatt (Daily Newspapers, August 1995, Kenya). Defensive intelligence in contrast is used to secure a position and ward off competitive threats.

In general, Fuld (1988) concurs with Lazer's conclusion that competitive intelligence often leads to defensive rather than aggressive decisions. Many

large manufacturers, Lazer points out, give their managers regular assessment of their competitors products, prices, distribution methods and their promotional strategies so that appropriate counter measures can be devised and carried out. Fuld (1988), echoed IDS (1985-6) USA findings and reached similar conclusions.

2.33 Internal and External Intelligence

With good internal data reporting systems and analysis, executives should acquire adequate knowledge about an organization's internal environment - finance, personnel, inventories, production capacity and the company's position - so that it can be controlled over time. Stellard et al (1989) concurs with Lazer's argument that internal intelligence reports for higher management levels should be less detailed - highly summarized. However, they contend that, for external intelligence, the higher the management level is, the greater is the concern for detailed external intelligence. This demonstrate that most internal intelligence are control oriented where as external intelligence are planning and strategy oriented.

2.34 Primary and Secondary Intelligence

Primary marketing intelligence is everyday information about developments in the marketing environment originated by the decision maker - or on his behalf - to solve some immediate problem at hand. Secondary marketing intelligence on the other hand is intelligence that has been previously gathered for some other purpose and stored for future references.

2.40 Levels of Decision Making

Just as Marketing management as a whole can be sub-divided in to strategic, tactical and operational levels, so can marketing intelligence be classified as strategic, tactical and operational (Lazer, 1983 and Kotler and Armstrong, 1993).

2.41 Strategic Marketing Intelligence.

This helps top-level managers assess critical shifts in the organization's environment and markets that may require new changes or new

approaches. On the basis of strategic intelligence long-range forecasts can be changed, new channels of distribution can be selected, new product lines can be developed and mergers and acquisitions can be sought or discarded, all affecting the organization's fundamental direction. Yet this level of intelligence is the least determinate and has the longest time frame. Lazer concludes that it is of great concern to top management, which must establish corporate strategies and make long-term investment decisions.

2.42 Tactical Marketing Intelligence

Helps lower level managers decide how to use the organization's marketing resources. Tactical intelligence affects decisions about such as pricing and discount policies, assessment of market potentials and the launching of new products, package designs and other promotional strategies.

2.43 Operational Marketing Intelligence

They focus more on internal short term than external matters. Operational intelligence are generated in the normal course of daily activities and therefore reflects their great diversity. The enormous intelligence gathered must be analyzed and organized for use in assessing short-term results.

2.50 Marketing Intelligence System

2.51. Introduction

In retailing organizations where deliberate efforts are made to establish a marketing intelligence system, certain activities need to be undertaken by the organization. These activities according to Fuld (1988), Gelb et al., (1991) and Kotler and Armstrong (1993), are central components to the marketing intelligence system. They include :

- Assessing Intelligence Needs
- Marketing Intelligence Gathering
- Marketing Intelligence Analysis
- Delivering or Disseminating Marketing Intelligence and
- Responding or Feedback.

2.52. Assessing Intelligence Needs

Concepts and tools, history teaches again and again, are mutually interdependent and interactive. Drucker (1995), argues that, that is now happening to the concept we call a business and to the tools we call information. The new tools, according to Drucker, enable us - indeed, may force us to see our business as both creatures and creators of material environment, the area outside of the organization in which opportunities and results lie, but in which the threats and the success and to the survival of each business originates.

Drucker (1995), argues that information on the following areas are crucial to the success of the business:

- From cost accounts to yield control.
- From legal fiction to reality.
- Information for wealth creation. Included here are foundation information (cash and liquidity projections), productivity information of key resources, competence and resource allocation information.

The above information centers on current business. They inform and direct tactics. For strategy, we need organized intelligence about the environment. Strategy has to be based on intelligence about markets, customers and non-customers ; about technology in one's own industry and others ; about worldwide finance and about the changing world economy, for that is where the best results lie (Drucker, 1995).

Major changes also start outside the organization. A retailer may know a great deal about the people who shop at it's stores. But no matter how successful it is, no retailer ever has more than a small fraction of the market as its customers ; the great majority are non-customers. It is always with the non-customers that basic changes begin and become significant. A serious cause of business failure is the common assumption that conditions - taxes, social legislation, market preferences, distribution channels, intellectual property rights and many others - must be what they think they

are or at least what we think they should be. Drucker (1995) points that an adequate intelligence system has to include intelligence that makes executives question that assumption.

A good marketing intelligence system balances the intelligence managers would like to have against what they really need and what is feasible to offer (Kotler and Armstrong, 1993). Drucker (1995), warns that, not all of the needed intelligence is available. He observes further, that even where intelligence is readily available, many businesses are oblivious about it.

To set up a marketing intelligence system the company should begin by interviewing managers to find out what intelligence they would like. But, Kotler and Armstrong (1993), warn that managers do not always need the intelligence they ask for and they may not ask for all they need. Some managers will ask for whatever intelligence they can get without thinking carefully about what they really need. With today's technology, most companies provide much more general information than managers can actually use. Too much information can be as harmful as too little. Other managers may omit things they ought to know or managers may not know how to ask for some specific types of intelligence they should have. Therefore the marketing intelligence system must watch the marketing environment and provide decision makers with intelligence they should have to make key marketing decisions.

The company must decide whether the benefits of having an item of intelligence are worth the costs of providing it, and both value and cost are often hard to assess. By itself, marketing intelligence has no worth - it's value comes from it's use. Although methods have been developed for calculating the value of information - marketing intelligence, decision makers must often rely on subjective judgement (Tull et al, 1987).

In conclusion, Rayport and Sviokla (1995) warn that one of the consequences of the ongoing information revolution is it's influence on how economic value is created and extracted. Most important, the information about product or service can be separated from the product or service itself. In some cases , it can become as critical as the product or service in terms

of its effect on a company's profits. He ends, by observing that the traditional marketplace interaction between the physical buyer and the physical seller has been eliminated and incorporated into a new kind of transaction, he calls a market space ruled by the information power.

2.53 Intelligence Gathering

Marketing intelligence can be gathered from many sources. Much intelligence can be collected from the company's own personnel - Executives, Engineers and Scientists, Purchasing agents and the Sales force. But company people are often busy and fail to pass on important information. Kotler and Armstrong (1993), stresses that, the company must "sell" its people on their importance as intelligence gatherers, train them to spot new developments and urge them to report intelligence back to the company. Kotler, further asserts that the company must get suppliers, resellers and customers to pass along important intelligence.

Competitive intelligence gathering has grown dramatically as more and more companies need to know what their competitors are doing (Flax, 1984 ; Dumaine, 1988 ; Fuld, 1988 ; Zeller and Hager, 1991 and Galen, 1991). Such well known USA companies _ Most with Subsidiaries in Kenya _ as Ford, Motorola, Westinghouse, General Electric, Gillette, Avon, Delmonte, Kraft, Marriott and J.C Penney are known to be busy collecting competitive intelligence (Fuld, 1988).

According to Flax (1984), techniques companies use to collect their own intelligence fall in to four major groups ;

2.531 Getting Information from Recruits and Competitor's Employees.

Companies can obtain intelligence through job interviews or from conversations with competitor's employees. Flax reported that :

- When they interview students for jobs, some companies pay special attention to those who have worked for competitor's, even temporarily. Job seekers are eager to impress and sometimes volunteer valuable information.
- Companies send engineers to conferences and trade shows to question competitor's technical people. Conversations may start innocently, yet

competitor's technical personnel often brag about surmounting technical challenges, in the process divulging sensitive information.

- Companies sometimes advertise and hold interviews for jobs that don't exist in order to entice competitors 'employees to spill the beans.'

2.532 Getting Information from the People who do Business with Competitors.

Key customers can help the company informed about competitors and their products. Intelligence can also be gathered by infiltrating the competitors and customers' business operations.

2.533 Getting Information from Published Materials and Public Documents.

Keeping track of seemingly meaningless published information can provide valuable intelligence to companies :

2.533 (A) Published Materials.

(i) Specialty Trade Publications ;

Fuld (1988) in tandem with Flax's report, recommends a thorough dissection of all key magazines in the relevant industry. Trade magazines and specialty industry newsletters have long been the executives major - and sometimes only - source of competitive intelligence. Valuable sections of most magazines include ;

- Personnel announcements which reveal major management changes
- Help-wanted, which indicate something about competitors strategies and products
- Trade advertisements which can tell a lot about competitors market position
- New product announcements and pictures
- Event calendars, detailed listing of upcoming industry events such as trade shows, conferences and other special events
- Advance trade-show Information. These contains lists of new products to be shown, as well as exhibitors. It is an excellent tool to prepare company staff for upcoming shows and to discover competitor intelligence
- Special surveys. These issues contain a ranking of industry leaders or they may analyze each of the leaders offering new insights in to competitors.

(ii) Newsclippings.

Newspaper articles often contain important news about the marketing environment, news that a marketer may not learn until it is too late. In particular, smaller local newspapers often provide information on specific manufacturing plants or offices that is unavailable in national publications. Since commercial databases do not include local newspapers, except those in major cities, Fuld argued that a company must either subscribe to the paper or use a clipping service.

(iii) Help - Wanted Advertisements.

Are a rich source of competitive intelligence. A help-wanted ad may tell as much about the company placing the ad as about the position in its advertising, because the company placing the ad needs to tell the prospective employee - on both the company and the job.

Examples of the kind of intelligence one can obtain from a help-wanted ad. include Expansion plans, New technologies, Financial status and organization structure .

(iv) Published Studies

One problem with published studies is cost. It is often hard to justify spending several thousand dollars for a market study when only a portion of it concerns the relevant particular information needed. One way out is to seek inter-departmental co-operation and split the cost.

(v) Wall Street Reports

Brokerage firms often issue analyses of public companies. These reports often contain surprising insights in company operations, sales and management.

(vi) Trade Shows and Product Literature

Trade shows and professional conferences are hotbeds of industry intelligence. One can walk away with from a trade show knowing competitor's latest product innovations, price changes, and marketing directions. Fuld (1988), offers tips for squeezing the most competitive intelligence out of trade shows. These includes; Collect all the literature, Use the trade-show directory as research source, Take photo's, Record all meetings

and Share information

(vii) Advertisements

By tracking advertisements, competitive approaches to different markets, as well as any shifts in the marketing strategy can be learned.

(viii) Public Documents / Public Filings

A thorough, regular check of appropriate filings is an essential part of a monitoring program. The various filings one should check includes ; Security and Exchange commission (SEC) reports (USA), Bankruptcy Cases and other court cases, Environmental filings, Occupational Safety and Health Administration filings, Budgetary filings, Kenya Gazette and Franchise filings among others.

(ix) Other Documented Information (Commercial Data Bases)

They provide the easiest and fastest way to keep tabs on the marketing environment - competitors, whether large or small, publicly traded or privately held. The major strength of data bases are there broad news coverage and ease of use. Unfortunately, the information available on data bases is rarely as detailed or as timely as most managers would wish.

Various data bases contain articles from newspapers, magazines and trade publications, reports from stock analysts, patent filings, 'who's who' biographical directories and similar sources.

2.534 Getting information by Observing Competitor's or Analyzing Physical Evidence.

Companies can get to know competitors better by buying their products or examining other physical evidence. Perhaps the most thorough form of competitive intelligence is benchmarking, the art of taking apart a rival product, learning everything about it, and then beating it component by component (Dumaine, 1988).

Beyond looking at competitor's products, companies can examine many other types of physical evidence. Flax (1984), argues that in the absence of better information on market share and the value of products competitors are shipping, companies have measured the rust on the rail road sidings to the

competitor's plants or have counted the number of trailers leaving loading bays.

Some companies even rifle the competitor's garbage. Once it has left the business premises, refuse is legally considered abandoned property. While some companies now shred the paper coming out of the companies design labs, they often neglect to do this for almost-as-revealing refuse from the marketing or public relations departments (Flax, 1984 - 91).

2.535 Other Sources of Intelligence

2.535 (i) Personal Contacts

These contacts can include University Professors who may know about the latest technological developments, industry suppliers, major customers, purchasing agents, service technicians, journalists or Wall Street (USA) analysts. One's list of contact will be proportional to the time available to cultivate them.

Any executive finds some contact in a normal workday. Fuld (1988), suggests how to expand the contact base, through :

- University course catalogs (faculty lists along with brief biographies of the respective members)
- Trade publications (authors and experts cited in the articles)
- Trade shows (business card create an instant network)
- Professional conferences (individuals come to pick up state - of - the - art information on their industry, as well as to establish new contacts).

(ii) The Entire Organization

Fuld (1988) concurs with Flax (1984) on the techniques companies use in collecting intelligence about the marketing environment. Fuld further points that published sources are only the tip of the intelligence iceberg. To consistently gather the most timely and detailed information, one needs the help of people throughout the business organization.

The companies Sales Force, Research and Development (R&D) scientists, Purchasing Agents, Shipping Clerks, Loan Officers, Secretaries and Customer

service Reps among others, all come into contact with the market place on a daily basis. Some of these employees may have been employed by the competition. They can provide insights that one could probably not find outside the company. In addition other employees in the company may be actively tracking competitor's without sharing the information. (This happens frequently). If a business or Executives can find and access these resources, then it can receive timely, specific intelligence and save thousands of research dollars at the same time (Robertson, 1974 ; Flax, 1984 and Fuld, 1988)

Raising awareness and providing incentives are the groundwork on which to build a successful organization - wide monitoring effort. These efforts alone should significantly improve the flow of intelligence to management. The flow can even be improved further by seeking out specific information sources within the company. "With a little digging you will find hidden intelligence gold mines," (Fuld, 1988).

Why Monitoring is Everybody's Job.

Virtual every employee receives marketing intelligence that might be vital to the organization. Because the employees do not realize its importance nor know who should receive it, much intelligence is overlooked and remains a wasted resource (Kotler and Armstrong, 1993).

A number of companies, including Xerox and the Chicago Tribune, are now encouraging their employees to help monitor the competition. The Chicago Tribune has began a broad - based - intelligence - gathering program involving it's entire sales - research staff. Each researcher has been asked to "shadow" one competitor. For example, if a researcher hears that a competing newspaper is about to change its advertising rates, the researcher immediately passes the information on to senior management.

In this case and that of Xerox, (using engineer's expertise to unlock competition production and raw material costs), the companies have been able to make more effective marketing, production and pricing decisions because they had more timely and specific information (Fuld, 1988). Their successes

underscore the benefits of involving an entire organization in environmental scanning.

- How to Motivate the Entire Organization

In order to succeed in scanning the marketing environment, there is need to motivate people to collect and share useful information. To enlist their support, Fuld (1988), stresses the need to overcome two motivational problems:

- people don't know what information is useful
- people don't want to take their time to gather or to share the marketing intelligence.

To overcome this problem and to motivate the entire company employees, to help gather competitive marketing intelligence, the executives must :

- Raise the organizational awareness of the importance of intelligence
- Establish incentives for gathering marketing intelligence

According to Aquilver Francis (1985), a professor at the Harvard Business School, "The most difficult problem that corporations face in scanning their business environment is how to get their people better informed as to what kind of information is needed. If the organization can get people informed as to the information that will help the organization succeed, and how to get that information passed on to the decision makers in an effective manner, then just think of the payoff."

Most successful intelligence gathering programs have a "champion," a senior executive who supports and promotes the effort. According to a report by the Business Intelligence Unit of SRI (USA) International ("Managing Competitive Intelligence," 1985), the champion should be able to:

- Identify the individuals who need competitive intelligence
- Enlist their support
- Transcend company politics and
- Win confidence among the information suppliers and users.

Once the intelligence wheels are set in motion, by locating a champion, there, then arises need for a mission statement to provide clearly stated goals for the scanning program. Newsletters,

newsclippings and bulletin boards are some of the best ways of raising the corporate awareness. Fuld (1988), agrees and further asserts that the most effective awareness raiser is personal contact.

Many employees in organizations need incentives to participate in any intelligence gathering effort. By rewarding the employees for their time and energies spent gathering intelligence, one can easily enlist their help in the environmental monitoring program. There are four basic types of incentives : personal thanks, Swapping information, Published Recognition and Cash Reward (SRI International report USA, 1985).

2.54 MARKETING INTELLIGENCE ANALYSIS

Intelligence gathered through the company's marketing intelligence activities often require more analysis, and sometimes managers may need more help to apply it to marketing problems and decisions. This may include more advanced statistical analysis to learn more about the relationships within a set of data and their statistical reliability (Lilien and Kotler, 1983 and Fuld, 1988). Such analysis allows managers to go beyond means and standard deviations in the data collected.

Intelligence analysis might also involve a collection of mathematical models that will help marketers make better decisions. According to Kotler and Armstrong (1993), each model represents some real system, process or outcome. These models can help answer the questions 'of what if ? and which is best ?'. They further point out that during the past three decades, marketing scientists have developed numerous models to help marketing managers make better marketing - mix decisions and forecast new-product sales.

2.55 DELIVERING INTELLIGENCE

Getting the right information to decision makers.

Marketing intelligence has no value until decision makers use it to make better marketing decisions. Market intelligence gathered through MIA must be distributed to the right marketing managers at the right time (Kotler and

Armstrong 1993).

To design the best communications system, Fuld (1988) stresses, that one must consider who should receive the information and what communications vehicles are appropriate to meet that audience,s need. Fuld divides the audience in to two groups :

- The individual decision makers and
- The organization as a whole

The advertising industry labels these two types of audiences as ''target markets '' versus ''mass market.'' Just as the advertising industry designs its messages to fit its markets , the MIA must deliver the right message in the right format to the right audience.

According to Fuld (1988), there are six effective and low - cost methods for delivering intelligence to the appropriate audience. He categorized these methods as either those designed for key decision makers or those intended for the overall organization.

2.55 (A) For the Overall Organization

(1) Newsletters

A concise, eye-catching newsletter is probably the best way to spread marketing intelligence throughout the company. A well designed newsletter works best because it is easy to read , filled with fresh information and vital intelligence is not lost in the sea of the text .

In formatting a newsletter, one must make sure that it fits the readers needs - breaking out the information in ways that help highlight the vital intelligence without omitting any relevant information. Fuld (1988), Stellard et al (1989) offers tips for writing readable attractive intelligence newsletters : Keep prose crisp, Use active not passive verbs, Use present tense where possible, Use bullets to draw readers to important attention, Highlight strengths and weaknesses (by describing a new product strengthens and weaknesses), Restrict coverage to a handful of topics, Use graphics to raise interest, Add color.

In short intelligence newsletters can provide the business with regular updates on the marketing environment activities, maintain the awareness of the importance of the marketing intelligence, summarize major events occurring in the business and in the market place and call attention to any changes in the industry.

(ii) Displays.

According to Stellard et al, (1989), displaying intelligence is the best way to deliver messages about the marketing environment to a large group of people or employees. A company can display market intelligence in a number of ways ; from a formal demo room to a simple bulletin board.

- **The Demo (demonstration) Room :** is a place where employees can review competitors products and service demonstrations. A demo room allows employees to actually use these products and play part in service provision to get a better feel of them (Fuld, 1988). A demo room can also speed up decision making. For services, literature in form of brochures and fact sheets about changes in the competitive environments can assist because the literature is the physical expression of the service itself, and a thorough examination of the literature can reveal how the service is promoted, constructed and priced.

- **The Bulletin Board :** Is a great communicator of intelligence and an excellent awareness - raiser (Fuld, 1988). It can quickly convey timely information, and Fuld further reveals that it is extensively used by Xerox business products group.

(iii) The Electronic Mail :

It is mainly employed in high - tech companies like Digital Equipment, Business Machines Ltd. and Hawlett - Packard (USA). Electronic mail allows the sending of individual messages or to thousands, hence used as both a mass-market and a targeted communications tool (Fuld, 1988 and Lesikar, 1991).

Most businesses have centralized MIS that provide managers with regular performance reports, intelligence updates and reports on results of studies (Fuld, 1988). This information is needed for making regular planning, implementation and control decisions. Marketing managers also need non-

routine information for special situations and on-the-spot decisions. Kotler and Armstrong (1993), argues against centralized information systems and concludes that it leads to unnecessary delays as a result of inherent bureaucratic processes .

Improvements in information handling through advanced micro-computers, soft ware and communications, have led to decentralization of computer systems. Nulty (1994), observes that this gives managers direct access to information stored in the system. In some businesses, marketing managers can use a micro-computer to tie into the companies information network. From any location they can obtain any intelligence, analyze the intelligence using the statistical models, prepare reports on a word processor and communicate with others through the telecommunications.

Such systems offer exiting prospects. They allow marketing managers to get the marketing intelligence they need directly and quickly and to tailor it to their own needs. As more managers develop the skills needed to use such systems, and as improvements in the technology make them more economical, more and more marketing companies will use decentralized marketing intelligence systems. One notable weakness however is the possibility of compromise in the handling of intelligence - insecurity problems.

(B) For key decision makers :

(i) Reports .

According to Fuld (1988), Clearly drafted, concise and attractive memos and reports as a means of communication offer two benefits ;

- Message can be very specific and targeted to a small audience. Direct messages are effective.
- Delivers intelligence almost immediately.

(ii) Reference Books.

A competitor reference book is a book containing a set of competitor profiles. The book is either stored in a central library or copies are made and distributed to a handful of key decision makers. Fuld (1988), Stellard et al (1989), and Lesikar (1991) observes that besides being a excellent way of

communicating a common body of intelligence to decision makers and providing a commonbase, competitor reference books are valuable communication tools because they are inexpensive to produce, easy to update, easy to use and handy for networking.

(iii) News Articles and Clippings

People believe news articles (Fuld, 1988). Wherever possible they should be used to deliver marketing intelligence to individual decision makers. Fuld, further argues that a newspaper article in comparison with most internal company memos, will carry far more weight and be believed by many more people even if both the memo and the news article told exactly the same story. To effectively use news articles, they should be sent attached to reports when the news breaks.

Fuld, concludes that speed and accuracy are crucial in the communication segment of MIA, as they are in other segments - raising awareness and organizing intelligence. Whatever communication tools are used, they must fulfil these criteria.

2.56 RESPONDING (FEEDBACK)

2.56 (A) Response to Marketing Intelligence - When the market says 'Beware'...

Organizations respond in various ways to changes in the marketing environment. The structure of the organization and the power of its individual executives affects the way it perceives a change in the market and the reaction to that change (Barrett, 1986). Environments often determine an organization's strategy and sometimes strategy can affect the organizations environment.

Since the work of Chandler (1962), the relationship between strategy and structure has been the subject of a number of conceptual and empirical studies. The intention has been either to show the direct or indirect links from strategy to structure. Direct links are where structure can be explained by the nature and diversity of the products and the markets of the

organization (Chandler, 1962 ; Channon, 1973 and Rumelt, 1974). Indirect links are where structure is determined by the characteristics of the technology employed (Woodward, 1958 ; Harvey, 1968 ; Perrow, 1967 and Newman, 1971-2), by the nature of and variations in the environment (Emery and Trist, 1965 and Lawrence and Lorsch, 1967) and by size (Pugh et al., 1969 and Child and Mansfield, 1972).

According to Barrett (1986), two views which contrast sharply are the deterministic approach and the strategic approach to how an organization develops its competitive strategy ;

- **The Deterministic View** : The environment in which an organization operates determines its competitive strategy and this in turn determines the structure of the organization. An organization in order to grow has to be aware of the opportunities and needs created by changes in the environment which call for changes in competitive strategy and eventual changes in the overall organization. Corporate management must perceive and respond to market changes. Market intelligence can sensitize management to such changes and facilitate timely response.

- **The strategic View** : An organizations strategy is determined by the interaction of the environment and the internal process of decision making. Strategy is therefore seen as a proactive involvement in influencing the environment. In the strategic management approach, marketing intelligence serves to sensitize management to environmental opportunities and to the likely behavior of competitors, customers and suppliers in response to a given strategy. Competitive monitoring and broad environmental scanning will be undertaken to seek opportunities for positive proactive strategy.

Barrett (1986), however, concludes that whatever the view taken as to the relationship between the environment and the organization, organizations do not respond spontaneously to the environmental changes nor the marketing information. Every organization, as observed by Barrett ; Dess and Origer (1987) and Fuld (1988), has an internal response process - though influenced by the external environment and the strategy being pursued in that environment

- and which begins once the market signal is generated. The interaction between the environment and strategy influences both the distribution of power within the organization and possibly the reaction by the executives.

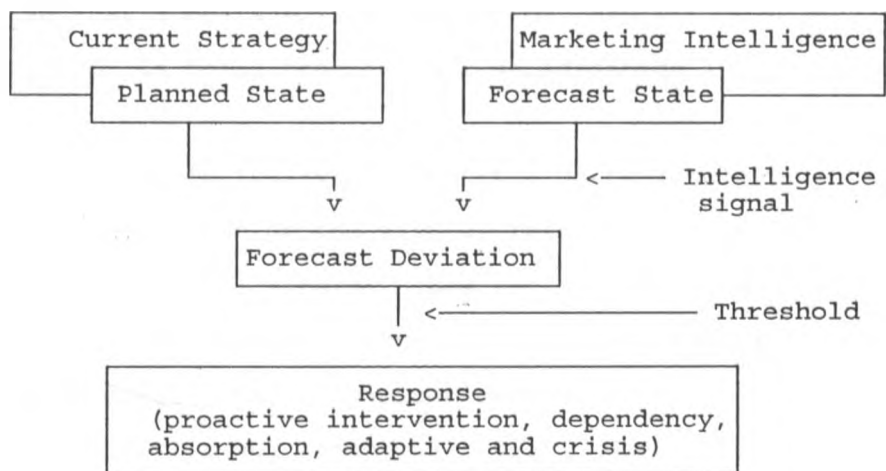
(B) Power within Organizations

Hicks and Gullet (1971), defines power as the ability to influence others, and it comes to individuals or groups from a number of sources ; from the position within the organization hierarchy, personal characteristics and their ability to cope with uncertainty. Organizations have certain vulnerabilities due either to their environment or their strategy. Executives and organizational sub-units who have the ability to cope with these have power.

Strategy, structure and environment can be seen to interact in the distribution of power within the organization. The existing power distribution is likely to affect the reaction by the organization to a market signal (Barrett, 1886).

(C). Response to Market Signals

Figure 2-4 Response Process



Source: Barrett T., Management Decision Journal; Volume 24 Number 6, 1986 MCB University Press Ltd., Pp. 37.

Barrett (1986), argues that, the way signals are interpreted, presents a more fundamental difficulty when attempting to understand the response of organizations to market signals. In order for organizations to produce a reaction, the signal must be seen to be significant. The perception of the signal must be seen to be dependent on the belief system - 'corporate culture' or the dominant corporate culture - of the dominant resource allocating group within the organization.

Corporate culture, according to Andrews (1971), Hofer and Schendel (1978), Barrett (1986), and Jaeger (1986), may be described as the 'glue which holds organizations together' and without such a shared believe as to the function and the objectives of the organization, actions cannot be legitimized. This consensus will however influence the perceived meaning of an event.

A market signal will be interpreted within a certain cultural context which will determine its meaning, however, the dominant culture will dictate the value of the signal.

For example, if market intelligence reports that a competitor has made a donation to a political party, how is this to be interpreted ?

- it may mean that a peerage is being sought, or
- that an attempt is being made to gain an advantage in a future contracting situation, or
- as an attempt altruistically to support a party ideology.

The interpretation depends on the view of reality held or, perhaps more commonly, expressed as the view of 'how the system works'.

Information which does not have a perceived significance has been termed corporate gossip. All organizations collect such gossip (Barrett, 1986 ; Fuld, 1988 and Kotler and Armstrong, 1993). Whether a market signal is interpreted as having a significance or as being gossip depends on the World view of the organization (Barrett, 1986).

2.6 The Value of Marketing Intelligence

An effective marketing intelligence system must be adapted to management's needs. It should be able to organize masses of data into formats that can be easily used. As earlier indicated, however, information overload is too common especially with sophisticated computer systems. Managers receive too much irrelevant information. Lazer (1983) points, that the MIS disseminated information in the format that was easiest to process rather than the format that was easiest for the marketing managers to use.

In theory according to Lazer and Culley (1983) and Kotler and Armstrong (1993), determining how much market intelligence to collect centers on the decisions that must be made, whether the intelligence is available and whether additional market intelligence is sufficiently valuable to warrant the cost of acquiring it.

In general the cost of marketing intelligence tends to increase with the accuracy desired and the speed with which the decisions are made. While executives can estimate the cost of gathering, analyzing and disseminating marketing intelligence, the actual value of marketing intelligence is not known until it's attributes and relevance can be assessed.

Basically, manager's seek market intelligence in order to reduce uncertainty in making marketing decisions. Moreover, marketing managers may find marketing intelligence valuable even when it does not change decisions or policies, as in the case where MIA reports, increase managers confidence by confirming what they had already suspected. The specific value of marketing intelligence, however, depends on it's contribution to profitability - if and when that can be calculated (Lazer, 1983 ; Lilien and Kotler, 1983 and Kotler and Armstrong, 1993).

2.7 Criteria for Appraising Marketing Intelligence

Lazer (1983), Churchill (1987) and Kotler and Amstrong (1993), offer the following criteria for appraising marketing intelligence ;

- Purpose : Market intelligence must have a purpose at the time it is

transmitted, otherwise it is simply data is interference.

- Reliability : False market intelligence is worse than non at all. To be useful market intelligence must be accurate and reliable.

- Understandability : The format in which market intelligence is presented is almost as important as the content .

- Sufficiency : Only enough market intelligence should be supplied as is adequate to support a decision. Useful intelligence is compact. Long-rambling reports are less useful than concise, well organized reports.

- Timeliness : Market intelligence is of use if it is timely. The frequency with which it is transmitted and received affects its value. Market intelligence that appears too frequently tends to become interference - as a distraction that overloads the receiver.

- Value : For market intelligence to have value, it must yield benefits that exceed the cost of gathering and reporting.

Lazer suggests three principles, which he argued should help managers evaluate a marketing intelligence system, according to the criteria enumerated above ;

- Marketing managers should receive the least amount of market intelligence needed to perform their jobs effectively. Lesikar (1991) echoed Lazer and pointed that exception reporting is one way to achieve this goal, since only exceptional circumstances are reported.

- Marketing intelligence system must satisfy it's users perceived needs for market intelligence. Lazer, warns that this principle may not lead to the best system technically, but it is likely to yield intelligence that will be accepted and used. Kotler and Armstrong (1993) however, concludes that a good marketing intelligence system balances the market intelligence managers would like to have against what they really need and what is feasible to offer.

- The support of top management is needed if the marketing intelligence system is to be effective. As pointed by Skewe (1974), a solid commitment of both financial support and leadership is an organization's best basis for implementing a beneficial system of marketing intelligence.

Gelb et al, (1988) argue that several primary uses of competitive intelligence have a strategic management slant. These include : To improve corporate processes and decision making and to improve the overall managers performance; To anticipate problems and opportunities so management is not surprised by major competitive activities; To develop an understanding of how the company is performing relative to their immediate competitors and to plan accordingly; and To develop basic strategies, such as planning activities to develop a niche, and to help guide management out of business where they cannot effectively compete.

2.8 Limitations of Marketing Intelligence

Gelp et al. (1991), found that overreliance on MI may interfere with timely and consistent decisions. They therefore, questioned the overall usefulness of MI after identifying the following related problems :

- MI given as averages, or without product-by-product breakdown may be too general to be an effective decision-making tool;
- MI often may not be presented in effective format for planning functions ;
- Changes in the market place occur frequently, resulting in a lot of MI reports ending up in the waste paper basket.

Despite the use of marketing intelligence, Gelb et al. (1988) further warn of several drawbacks and pitfalls. The time spent by many organizations in surveillance might be better spent o planning activities. Most of the data collected are only useful in confirming the decisions already made or for ralatively making routine decisions. Gelb and his associates found out two uses of intelligence : ''to leapfrog to results ... [and] to fill the waste basket''.

As warned by Miller and Fuld (1989), Mi can work to the detriment of the organization if employees become double agents or competitor targets for subversion. Extreme care on the part of intelligence reports should be exercised and employees warned not to discuss business in public and be wary of other possible espionage and subversive activities in the industry

(Hamilton, 1967).

The amount and distribution of slack resources within the organization is likely to influence the response process selected in coping with forecast market adversity. Barrett (1986), argues that organizational executives compete with each other for access to those slack resources. The possibility arises therefore that the MI report may be used as an occasion on which the executive will seek to distribute resources with his / her own favor, using the argument of the pending environmental adversity as justification.

MI is concerned with updating marketing plans which raises the possibility that unintended bias may exist in the plans. Lacking objective data, subjective estimates of the future market must be generated ; this may unintentionally be biased by the past experiences of the forecaster. Barrett argues that the greater the number of variables which exist relating to the forecast, the greater is the convergence between one's forecasts and ones wishes. As market forecasts are highly ambiguous situations, we might expect such forecasts to be generally optimistic. The likelihood thus exist that subjective factors may influence MI forecasts. If such is the case, and bias is towards optimism, the MI reports may result in a lower order response process being engaged than is appropriate to deal with the market change.

CHAPTER 3
LITERATURE REVIEW
RETAILING IN KENYA

3.11 Introduction

Retailing is an industry comprised of millions of firms (Worldwide), some with only one location, whereas others exceed thousands of locations. This industry represents trillions of dollars of sales annually and that it employs millions of people. Further it deals with several varieties of products ranging from food to fashion to auto's to entertainment. The needs of billions of people are satisfied through this industry. Retailing industry is part of the daily life of everyone. The external marketing environmental forces are revolutionizing the retailing industry and its structure in this turbulent decade.

3.12 Retailing Defined

According to Radinbough (1976) :

''Retailing includes all those business activities associated with selling goods and services to the ultimate consumer or final user for personal consumption.''

Kibera and Waruingi (1988), concurs with Radinbough when they define a retailer as an individual (or organization) which predominantly sells goods and services to final consumers or users.

Kotler and Armstrong (1993) went further and defined retailing :

''as all the activities in selling goods or services directly to final consumers, for their personal non-business use.''

Many institutions - manufacturers, wholesalers and retailers - do retailing, but according to Kotler and Armstrong (1993), most retailing is done by retailers - businesses whose sales come primarily from retailing. Although most retailing is done in retail stores, in recent years non-store retailing - selling by mail, telephone, door-to-door contact, vending machines and numerous electronic means - has grown tremendously.

3.13 Consumers Expectations

Davidson et al (1988), points that consumers have come to expect a very high level of performance from the retailing institutions that serve our society and from the people who manage them :

''If a consumer has a need or a want for almost any imaginable product or service and lives in a sizeable community, the consumer will expect to have ready access to one or more businesses that want to provide the needed product or service.''

These expectations cut across all forms of product and service retailing, including such familiar retailers as department stores, discount stores, supermarkets and specialty stores. Other service businesses that address the consumer market - banks, fast-food restaurants, beauty shops, movie theaters - are also retailers, although less conventionally recognized as such. Simply, a retailer distributes products and services in the consumer market (Davidson et al., 1988)

At the heart of our the distribution system, then, lie the expectations of consumers regarding need-satisfying goods and services that are available in their own trade area from businesses that compete always for their patronage. Although consumers may not always clearly express their expectations, a key element to success in retailing management is to understand clearly - and in some manner to meet or to exceed - consumer expectations.

3.14 The Classic Functions of Retailing

Davidson et al., (1988) and Kotler (1988), argue that the society expects retailers to accomplish the classic distributive functions required by consumers in an economy :

- To create product and service assortments that anticipate and fulfil consumers needs and wants.
- To offer products in small quantities, small enough for individual or family consumption (breaking of bulk).
- To provide for ready exchange of value through efficient handling of transactions, convenient hours and locations, information that is useful in

making choices and competitive prices.

3.15 The Retailers Offer

The retailers respond to consumer expectations by creating a unique offering designed to appeal to a portion of the consumers in store's market. What the merchant decides to put in to the market place, offer to consumers the character of the store and ultimately the merchant's costs and profits.

The creation and maintenance of the market place offer is summarized in the word merchandising defined by AMA (Davidson et al, 1988) as :

''The planning involved in marketing the right merchandise, at the right place, at the right time, in the right quantities and at the right price.''

This definition focuses on consumer expectations and highlights the merchants task in or to the society. The successful implementation of the market place offer over time is the essence of retail management.

To create assortments, break bulk and provide for ready exchange of value, the retailer must spend substantial sums of money. Consumers are by and large ambivalent toward distribution costs which are related to the retailers offer, responding well to the kind of market place offers involving large assortments, personal service, long daily hours, sunday openings, ''free'' credit card and delivery services, and plush decor, but they decry the high prices that inevitably accompany this type of merchandising. The simple truth is that the cost of all parts of the merchants market place offer are included in the selling price that the consumer pays in the end.

3.20 Types of Retailers

3.21 Store Retailing.

Kotler and Armstrong (1993), assert that store retailing accounts for most of the retail businesses. Retail stores come in all shapes and sizes, and new retail types keep emerging due to the dynamic nature of the marketing environment. They can be classified by one or more of several characteristics amount of service, product line, relative prices, control of outlets and the types of store cluster (Davidson et al., 1988 and Kotler and Armstrong, 1993).

(3.211) **Amount of Service** ; Kotler and Armstrong (1993), argue that different products require different amount of services and customer service preferences vary.

- Self-service retailers : Retailers that provide few or no services to shoppers, shoppers perform their own locate - compare and select process.
- Limited service retailers : Retailers that provide only a limited number of services to shoppers.
- Full service retailers : Retailers that provide a full range of services to shoppers.

3.212 **Product Line** ; length and breath of their product assortments.

- Specialty stores : A retail store that carries a narrow product line with a deep assortment within that line.
- Department store : A retail organization that carries a wide variety of product lines - typically clothing, home furnishing and household goods. Each line is operated as a separate department managed by specialist buyers or merchandisers.
- Supermarket : Large, low-cost, low-margin, high-volume, self-service stores that carry a wide variety of food, toiletries and household products.
- Convenience store : A small store located near a residential area, open long hours seven days a week and carrying a limited line of high-turnover convenience goods.
- Superstore : A store almost twice the size of a supermarket that carries a large assortment of routinely purchased food and non-food items and offers such services as dry cleaning, post offices, photo finishing , check cashing bill paying, lunch counters, car care and pet care.
- Combination stores : Combined food and drug stores.
- Hypermarkets : Huge stores that combine supermarkets, discount and warehouse retailing. In addition to food, they carry furniture, appliances, clothing and many other products which are sold in bulk.
- Service businesses : For some businesses, the 'product line' is actually a service. Service retailers include hotels and motels, banks, airlines,

colleges, hospitals, movie theaters, restaurants, repair services, hair-care shops, dry cleaners, etcetera.

3.213 Relative prices ; retailers classified according to their prices.

- Discount stores : A retail institution that sells standard merchandise at lower prices by accepting lower margins by selling at higher volume and offering less services.

- Offshore retailers : Retailers that buy at less than regular whole sale prices and sell at less than retail prices, usually carrying a changing an unstable collection of higher quality merchandise, often left over goods, overruns and irregulars obtained from manufacturers at reduced prices. They include ;

(a) Factory outlets, owned and operated by manufacturers and that normally carry the manufacturers surplus, discontinued or irregular goods.

(b) Independent off-price retailers, that are either owned and run by manufacturers or are divisions of larger retail corporations.

(c) Warehouse club (wholesale club), that sell a limited selection of brand-name grocery items, appliances, clothing and a hodge podge of other goods at deep discounts to members who pay the annual membership fees.

- Catalog showroom : A retail operation that sells a wide selection of high-markup, fast-moving, brand-name goods at discount prices.

3.214 Control of outlets.

- Corporate chain : Two or more outlets that are commonly owned and controlled, have central buying and merchandising departure and sell similar lines of merchandise.

- Voluntary chain - a wholesaler - sponsored group of independent retailers that engages in group buying and common merchandising.

- Retailer co-operative - a group of independent retailers that band together to set up a jointly owned central wholesale operation and conducts joint merchandising and promotion efforts.

- Franchise organizations : A contractual association between a manufacturer, wholesaler or service organizations (a franchiser) and independent business

people (the franchisees) who buy the right to own and operate one or more units in the franchise system offered by the franchiser .

- Merchandising conglomerates : Corporations that combine several retailing forms under central ownership and that share some distribution and management functions and costs.

3.215 **Type of store cluster** ; most stores today cluster together to increase their customer pulling power and to give consumers the convenience of one stop shopping.

- Central Business District (CBD) : Every large city or town, has a 'CBD with department stores, specialty stores, bank and movie theaters. When people begin to move to the suburbs and downtown merchants open branches in suburban shopping centers, however, these CBD's with their traffic, parking and crime problems, begin to loose business.

- Shopping center : A group of retail businesses planned, developed, owned and managed as a unit. A regional shopping center is like a mini-downtown. It typically contains between 40 and 100 stores and attracts customers from a wide area. A community shopping center contains between 15 to 50 retail stores ; a branch of a department store or variety store, a supermarket, specialty stores, professional offices, banks etcetera. Most shopping centers are neighborhood shopping centers, that generally contain a supermarket and several service stores.

3.22 Nonstore retailing

(i) Direct marketing : Marketing through various advertising media that interact directly with the consumers, generally calling for the consumer to make a direct response.

- Direct mail marketing : Direct marketing through single mailing that include letters, ad's, samples, foldouts and other ''sales people on wings'' sent to prospects on mailing lists.

- Catalog marketing : Direct marketing through catalogs mailed to a selected list of customers or made available in stores.

- Telemarketing : Using the telephone to sell directly to consumers.

- Television marketing : Direct marketing via television using direct-response advertising or home shopping channels.
- Electronic shopping : Direct marketing through a two-way system that links consumers with the seller's computerized catalog by cable or telephone lines.
- Integrated direct marketing : Direct marketing through campaigns that use multiple vehicles and multiple stages to improve response rates and profits.
- Marketing database : An organized set of data about individual customers or prospects that can be used to generate and qualify customer needs, sell products and services and maintain customer relationships.

(ii) Direct selling or door to door retailing.

Selling door to door, office to office, or at home-sales parties.

(iii) Automatic vending. Selling through vending machines.

3.30 History of Retailing.

Bolen (1988) recalls that the retail shop has existed in some form in every civilized land. From the market square of the ancient times to the shops and to the several retail establishments worldwide, retailing has reflected the evolution of the society in a given location.

The first major developments in retailing were markets and fairs. They assumed their present importance during the 13th century, when it is estimated that there were over 3,000 on the continent of Europe. They had a religious foundation because it was at religious festivals that trading sprung up. Fairs differed from markets in that they lasted longer, were larger in size and consequently were fewer in number (Barker et al, 1956).

The next development in retailing was the emergence of shops. As people gathered together in villages and towns, the general store was born (shop or 'duka' in Kenya). The retailer here kept a general stock of merchandise with limited assortment of any commodity, due mainly to the shopkeeper's limited capital. As the community resources grew, the store increased in size and the variety of merchandise handled. However, out of this era, there gradually evolved our present day types of retail institutions.

3.31 Development of Retailing in Kenya

African (Kenyan) retailers started to operate during the 1930's, trading in areas too poor to interest the white settlers and the Asians. Though the government that time restricted the number of licenses issued for retailing, more and more indigenous Africans - Kenyans (K) entered retailing because it needed relatively low capital and no technical training.

The period between 1953 to 1955 saw the number of African (K) traders increase as the restrictions on trade licenses and other constraints had been reduced significantly (Marris and Somerset, 1971). By 1964, Asians still controlled well over 90% of all businesses, according to Ngotho (1975), prompting the agitation and the subsequent enactment of the 'Trade License Act' of 1967, which enabled Africans (K) to operate sophisticated business.

Over the 1970's, sophistication in retailing precipitated the emergence of supermarkets such as Uchumi and Ebrahims. The 1980's through to the 1990's have seen the rise of more supermarket chains and the mushrooming of combination stores, superstores and hypermarkets and various service businesses.

3.40 Supermarkets

3.41 Supermarkets Defined

Supermarkets, according to Barker et al, (1956), are basically grocery stores but usually have departments selling non-food items, and at least the grocer department is operated on a self-service basis. The minimum sales necessary for a supermarket ranges between an arbitrary \$1 million to \$375,000 per annum, as specified by the supermarket institute (a USA trade association) and 'The Progressive Grocer' (a USA grocery trade publication).

Philpott (1963), implies supermarket characteristics, when he argues that it is a cross between the specialist and the department store. A self-service store, should have at least 2,000 square feet of selling space and a fair proportion (of up to a quarter) of non-food items, while merchandise is usually laid in rows of 'gondolas.' Pickering (1966), echoes Philpott and defines a supermarket as :

''a store with at least 2,000 square feet sales area, with three or more check-outs and operated mainly on a self - service basis, whose range of merchandise comprises food groups, basic household requirements and cleaning materials.''

Kotler and Armstrong (1993) agrees with Gillespie et al (1977) argument, that the term ''supermarket'' defies precise definition because of the popular trend to mix food and non-food products. Kotler and Armstrong , observes further, that today supermarkets are a combination of food and variety stores.

3.42 History of Supermarkets

The first supermarkets introduced the concepts of self-service, customer turnstiles and checkouts counters. Supermarkets growth took off during the 1930's, according to Kotler and Armstrong (1993) for several reasons :

- The great depression made consumers more price conscious and mass automobile ownership reduced the need for small neighborhood stores.
- An increase in brand preselling through advertising reduced the need for sales clerks.
- Stores selling grocery, meat and household goods in a single location allowed one-stop shopping and lured consumers from greater distances, giving supermarkets the volume to offset their lower margins .

Most supermarkets today are facing slow sales growth because of slower population growth and an increase in competition from convenience stores, discount food stores and superstores (Davidson et al, 1988). Kotler and Armstrong (1993), concurs with Davidson et al , and argued further that supermarkets have been hit hard by the rapid growth of the out-of-home eating. To cope, supermarkets now operate fewer but larger stores. They also practice ''scrambled merchandising,'' carrying many non-food items - beauty aids, house wares, toys, prescriptions, appliances, video cassettes, sporting goods, garden supplies - hoping to find high-margin lines to improve profits.

Supermarkets are also improving their services and facilities to attract more customers. Typical improvements are better locations, improved decor, air conditioning, longer store hours, check cashing, delivery and even child care centers.

Although consumers have always expected supermarkets to offer good prices, convenient locations and speedy checkouts's, today's more affluent and sophisticated food buyer wants more. Many supermarkets, therefore, are 'moving upscale' with the market providing 'from - scratch' bakeries, gourmet deli counters and seafood departments (Schwartz, 1988). Finally, to attract more customers, large supermarket chains are starting to customize their stores for individual neighborhoods. They are tailoring store size, product assortment, prices and promotions to the economic and ethnic needs of local markets (Gerry, 1987 ; Davidson et al, 1988 and Kotler and Armstrong 1993).

3.43 Development of Supermarkets in Kenya

The history of supermarkets in Kenya dates back to the 1960's. The first supermarkets to be established in Kenya were the Westlands General stores (1945), K & A (1962), Ebrahims (1970) and Uchumi (1975). These supermarkets started as self-service stores, covering small trading areas. However , with time they increased their volume and assortment of merchandise as well as trading space to become supermarkets.

In recent years (1980's and the early 1990's), several supermarkets have been established in Nairobi and other major towns. Most of these supermarkets are owned by Kenyans of Asian origin and are run as family businesses (Karemu, 1993). Uchumi supermarket in which the government (k) holds a 45% stake, went public in 1992 by offering 16 million shares to the public.

The reasons advanced in support of the recent upsurge in the number of supermarkets, especially in Nairobi are that competition is allowed (liberalization of trade), the increase among the city's population (about 4 million) and the customers demand for effective and efficient retailing services.

The mid 1990's (1993-5) has been characterized by rivalry between leading supermarket chains and the mushrooming of shopping malls in Nairobi and other major towns. These may promise fair prices and a wide variety of goods for consumers, especially in Nairobi. The dash for prime space in the

lucrative Nairobi CBD is raging. At stake is a market worth more than an estimated Ksh.300 million (\$5.2 million) in pre-tax profits among the city's population estimated at a staggering 4 million (Okongo, 1995). Uchumi, Nakumatt and Jack and Jill, the three leading supermarket chains are the key players. Others are Ushirika, Ebrahims, Jamia, Shaflus, Makro and Tusker Mattresses supermarkets.

Jack and Jill is to open a 18,000 square feet facility on Haile Sellasie Avenue. It has also plans to set up a 60,000 square foot supermarket by the end of 1995. Expected to enter the market is the Amsterdam-based Spar, through its South African subsidiary. The group intends to give franchises to several local groups, especially those in good location frequented by customers.

In May, 1995, Uchumi expanded its city network with the opening of a new branch on Koinange street. Nakumatt, responded by opening its new branch, Nakumatt Downtown, 20,000 square feet of floor space right across the road from yet another more established Uchumi branch on Kimathi Street. Nakumatt plans to open another branch soon in Westlands, again near 'Sarit Center', a shopping centre - where another major Uchumi Branch is.

With 15 supermarket branches (12 in Nairobi alone, 2 in Nakuru and 1 in Eldoret), Uchumi supermarket still has the largest number of outlets within prime commercial areas. Nakumatt has 2 outlets in Nairobi, 2 in Nakuru and 1 in Eldoret.

Most of the leading supermarket chains in Nairobi (Uchumi and Nakumatt) offer a variety of imported and locally made household items. This reflects the current trend among the upmarket shopping outlets in the city, especially in the affluent suburbs of Westlands, Muthaiga, Karen and Langata areas, since 1993 following liberalization of the economy (k). The aim is to cater for as wide a clientele as possible, including foreigners living in Kenya who can afford the higher prices for imported goods.

Nairobi shoppers have increasingly shown preferences for supermarkets because of lower prices and a variety of goods. This is reflected further in

the mushrooming of shopping malls where everything is sold under one roof - 'The Mall' and 'Sarit Center' all in Westlands, and 'Yaya Center' - and the recently opened Village at Gigiri, The Esso Plaza at Muthaiga and the Karen shopping complex. The drive-by shopping centers are mainly in the upper middle and the high class neighborhoods.

(i) Advantages of Supermarkets over the Traditional Retailers.

- They buy in bulk, hence, they enjoy the economies of scale and discounts, enabling them to extend discount to customers.
- They employ large trading space and so can stock more items. The self-service facility also attracts customers.
- They avail a convenience, in that customers can almost buy everything needed under one roof.
- They accept credit cards (they use to accept cash only).

However, supermarkets face a number of problems;

(ii) Problems

- With the increased space, it has become difficult for managers to monitor customers' movements as closely as was possible in self-service stores.
- The above problem leads to shoplifting. Desperate attempts have been launched in an attempt to curb this menace - through use of security personnel (Uniformed and non-uniformed), the introduction of convex mirrors and televisions and the modern Gateway's 2000 scanners (Chandarana).
- Because merchandise is bought in bulk, inspection of the same is not always feasible or economical and so once the merchandise gets to the supermarkets, damaged or defective units may be detected.

3.50 Retailers Marketing Decisions

Retailers are searching for new marketing strategies to attract and hold customers. In the past, retailers attracted customers with a unique marketing mix. Today, according to Kotler and Armstrong (1993), brand manufacturers, in their strive for volume, have placed their branded goods everywhere. Thus, stores offer more similar assortments. National brands are found not only in

department stores, but also in mass merchandise and off-price discount stores. As a result, stores are looking more and more alike; they have become "commoditized." In any city, town or trading centre, a shopper can find many stores but few assortments.

Service differentiation among retailers has also eroded. Many department stores have trimmed their services, whereas discounters have increased theirs. Customers have become smarter and more price sensitive. They see no reason to pay more for identical brands, especially when service differences are shrinking. And because bank credit cards are now accepted at most established stores, some consumers no longer need credit. These developments have forced many retailers today to rethink their marketing strategies (Wortzel, 1987 and Kotler and Armstrong, 1993).

3.51 Target Market Decisions

Retailers must first define their target markets and then decide how they will position themselves in this markets. Until they define and profile their markets retailers cannot make consistent decisions about product assortment, services, pricing, advertising, store decor or any of the other decisions that must support their positions.

Too many retailers fail to define their markets and positions clearly. They try to have "something for everyone" and end up satisfying no market well. In contrast, successful retailers define their target markets quite well and position themselves strongly (Kotler and Armstrong, 1993).

3.52 Product Assortment and Service Decisions

Retailers must decide on three major product variables : Product assortment, service mix and store atmosphere.

The retailers product assortment must match target shoppers expectations. The retailers must determine both the product assortment's width and its depth. Another product assortment element is the quality of goods. The customer is interested not only in the range of choice but also in the quality of the products available. No matter what the store's product and quality assortment level, there will always be competitors with similar

assortments and quality.. Therefore, the retailers must search for other ways to differentiate itself from similar retailers - competitors. It can use any of several product differentiation strategies : The retailers can

- offer merchandise that no other competitor carries,
- feature blockbuster merchandising events (spectacular shows) and -

differentiate itself by offering a highly targeted product assortment.

Retailers must also decide on a service mix to offer customers. The service mix, according to Kotler and Armstrong (1993), is one of the key tools of non-price competition for setting one store apart from the others. Table 3-1, lists some of the major services that full-service retailers can offer.

Table 3-1 Typical Retail Services

Primary Services	Supplementary Services	
-Alterations	-Baby strollers	-Packaging & gift wrapping
-Complaint handling	-Bill payment	-Product locator
-Convenient store hours	-Bridal registries	-Restaurant or snack counters
-Credit	-Check cashing	-Shopping experts
Delivery	-Kids playroom	-Shopping
-Fitting rooms	-Demonstrations	Information
-Installation and assembly	-Layaway	-Shows, displays
-Merchandise returns and adjustments	-Lost & found	exhibits
-Parking	-Personal shopping	-special ordering
-Restrooms	-Package check rooms	
-Service repair	-Wheel chairs	
-Telephone ordering		

Source : Kotler and Armstrong, Marketing ; An Introduction, Third Edition (Prentice-Hall International Editions, 1993), Pp. 369.

The stores atmosphere is another element in its product arsenal. Every store has a physical layout that makes moving around it difficult or hard. Every store has a 'feel' ; one store is clouted, another is charming, a third plush, a fourth somber. The store must have a planned atmosphere that suits the target market and moves customers to buy.

3.53 Price Decisions

Kotler and Armstrong (1993), warns that a retailer's pricing policy is a crucial positioning factor and must be decided in relation to its target

market, its product and service assortment and its competition. All retailers would like to charge high markups and achieve high volume, but the two seldom go together. Most retailers seek either high markups, on lower volume (most specialty stores) or low markups, on higher volume (mass merchandise and discount stores).

Retailers must also pay attention to pricing tactics. Most retailers will put low prices on some items to serve as "traffic builders" or "loss leaders." On some occasions, they run storewide sales.

3.54 Promotion Decisions.

Retailers use the normal promotion tools - advertising, personal selling, sales promotion and public relations - to reach customers. They advertise in newspapers, magazines, radio and television. Advertising may be supported by circulars and direct-mail pieces. Personal selling requires careful training of the salesforce, in how to greet customers, meet their needs and handle complaints. Sales promotion may include instore-demonstration, displays, contests, and visiting celebrities. Public relation activities such as press conferences and speeches, store openings, special events, newsletters, magazines and public service activities, are always available to retailers (Kotler and Armstrong, 1993).

3.55 Place Decisions.

A retailers location is key to attract customers. And the costs of building or leasing facilities have a major impact on the retailers profits. Thus, site-location decisions are among the most important the retailer makes.

Small retailers may have to settle for whatever locations they can find or afford. Large retailers usually employ specialists who select locations using advanced methods (Davis and Rogers, 1984 and Gosh and Craig, 1986).

3.60 The Future of Retailing in Kenya

Several trends will affect the future of retailing. The slow down in population and economic growth means that retailers will no longer enjoy sales and profit growth through natural expansion in current markets and new

markets. But greater competition and new types of retailers will make it harder to improve market shares. The retailing industry, according to one retailing executive, suffers from severe overcapacity - Nairobi CBD. Consumer demographics, lifestyles and shopping patterns are also changing rapidly. Thus, the late 1990's and beyond will be a difficult period for retailers :

Going-out-of-business signs, bankruptcy filings and constant sales attest to tough times in the retail industry. "Retailing is not an area of hope," says [one retailing executive]. "It's not fun. It's almost a war." And the casualties are almost certain to keep mounting. The retailers that will succeed are the ones that avoid the crippling debt, focus tightly on the specific customers or products, hook into technology to hold down costs - using computers to produce better forecasts, control inventory costs, order electronically from suppliers, communicate between stores and even sell to customers within stores - and enhance services through - the adoption of checkouts scanning systems, in-store television, on-line transaction processing and electronic funds transfer, with the aid of vigorous MIA. A touch act (Caminiti, 1990 ; Zin, 1990 and Okong'o, 1995).

Many retailing innovations are partially explained by the wheel of retailing concept (McNair and May, 1978). According to this concept, many new types of retailing forms begin as low-margin, low-price, low-status operations. They challenge established retailers that have become "fat" by letting their costs and margins to increase. The new retailers' success leads them to upgrade their facilities and offer more services. In, their costs increase, forcing them to increase their prices. Eventually, the new retailers becomes like the conventional retailers they replaced. The cycle begins again when still new types of retailers evolve with lower costs and prices. The wheel of the retailing concept seems to explain the initial success and later troubles of department stores, supermarkets and discount stores and the recent success of price retailers.

New retail forms will continue to emerge to meet new consumer needs and new situations. But the life cycle of the new retail forms is getting

shorter. Kotler and Armstrong (1993), echoed Saporito (1991) warning that, retailers can no longer sit back with a successful formula. To remain successful, they must keep adapting to the turbulent marketing environment else forces of selection will prevail.

3.61 Marketing Environmental Challenges (For the late 1990's and beyond).

The environment of the late 1970's , 1980's an the early 1990's had new retailers that posed many kinds of new challenges for retailing executives, whose formative periods had been conditioned by euphoria of expansion opportunities of the previous decades. However, new realities have emerged, which are the challenges to be met by professional retail managers in the future (Davidson et al, 1988 and Kotler and Armstrong, 1993). This new phenomenon will be characterized by slower or moderate real growth, inflation / disinflation, the demise of the traditional shopper (traditional family unit as a consumer unit), extensive competition, market saturation, rising resource costs and inadequate financial performance.

3.62 Environmental Opportunities (For the 1990's and beyond).

In response to the challenges highlighted above, are significant opportunities available for improved growth and profitability of retailers in the 1990's and beyond.

- Pockets of market growth, available in terms of specific market segments. The retailer will need to engage in extensive research to identify this opportunities since they are not visible to the casual observer.
- High-value marketing, in response to consumer search for value resulting from persistent inflation. High-value marketing is appropriately viewed as any way in which consumers perceive that they get more goods for less pay.
- The emergence of the New Consumers, as a result of the demise of the traditional consumer unit. They shop in varied places, occasionally on experimental basis and consume varied high value items.

- Mundane competition. Most retailers are competing with each other utilizing very conventional strategies to do so. A significant opportunity exists for retailers who can compete on the basis of unique and innovative competitive marketing strategies.

- Established company advantages. The established retailer can bring to the marketing environment significant advantages - existing capital resources, professional management talent, installed systems and procedures, proven locations, established relationships with key suppliers and other resources. These provides the retailer the opportunities to leverage growth and profitability.

- The new technology. Offsetting the dramatic increases in retail costs are the dramatic developments occurring in the application of the advanced electronic technology to retailing. Such technology gives retailers new opportunities to improve productivity, merchandising, target marketing and effective consumer communication.

3.63 The Future of Retailing Management

The task of the retailing manager is seen as that of continuously adapting the structure and the composition of the firm's resources to a constantly changing environment. According to Davidson et al (1988), this task is pursued through three relatively distinct levels of management activity :

- Strategic management (Karemu, 1993)
- Administrative management and
- Operating management

Performance results in terms of consumer patronage, competitive position, profitability and liquidity are constantly monitored and evaluated and used as control information for the three levels of management activity.

The key element in determining the structure, performance and managerial requirements of a retailing enterprise are found in a retailing environment of retailing institutions and in the nature of the resources available to the

individual retailing firms. Consequently, in order to project the future trends in retailing management, it is necessary to examine the environment and to project developments and trends in the resource markets. Given this environmental and resource trends, one can project possible adaptive behavior of retailing institutions over a realistic planning horizon. Davidson et al (1988) concurs with Gerry (1987) when he concludes that changing requirements in the areas of strategic, administrative and operating management can be projected.

The projection and subsequent implementation can be achieved through :

- Greater emphasis on strategic management (Davidson et al, 1988 and Karemu, 1993).
- Greater analytical sophistication in administrative and operating management (Glueck, 1984 ; Gerry, 1986 and Davidson et al, 1988).
- More sophisticated management information systems - MIS - and their gradual evolution into more sophisticated decision support systems (Davidson et al, 1988 and Kotler and Armstrong, 1993).
- They further argued for more refined consumer market strategies, carefully and rigorously programmed to meet the unique and the precise demands of this changing consumer market.
- Innovative vertical channels. Davidson et al (1988), argues that programmed merchandising are likely to expand in the future covering more individual merchandise lines, and be used by more retail firms and will cover an increasing broad spectrum of merchandising activities. The use of leased departments in mass merchandising stores is likely to expand, as more individual retail enterprises require specialized expertise in merchandising specific product lines. The adoption of increasing technologies by the retailing enterprises will also require new types of vertically integrated systems - jointly programmed logistics, transportation, warehousing, material handling and order control systems.
- Greater emphasis on asset and capital management. This is because many profit-margin variables and many cost and expensive items are becoming more

fixed (or non-controllable) and the larger capital investment requirements of the retail firm of the future (Davidson et al, 1988).

- Professionalization of retail management. The several trends, discussed in this chapter, indicate that the task of effectively managing a retail enterprise is becoming more and more complex, challenging, and demanding, requiring a more sophisticated, more analytical, and a more professional business manager. More and more specialists skilled in particular functional areas of business management, will be required to effectively implement administrative and operating management functions. More sophisticated generalists with broad exposure to a wide variety of executive responsibilities will be needed to meet the demanding requirements of the strategic management function. In conclusion, retailing executives of the future are likely to have more of a systems orientation and somewhat less of a company or trade orientation.

CHAPTER 4

RESEARCH METHODOLOGY

3.0 Introduction

This study was carried out in Nairobi. Since it is the capital city, with an ever growing population. Many supermarkets are concentrated here to supplement other retailers in the consumer market. Some supermarkets have several branches in some Towns with Nairobi as their headquarters. No other town in Kenya has such a well established retail sector as Nairobi, because most supermarkets with branches in other towns were started in Nairobi.

3.1 The Scope of the Study

This study focused on both large and small supermarkets in Nairobi. The study captured quantitative and qualitative data, analytical and non-analytical aspects of marketing intelligence collection. The analytical view adopted in this study, has been taken from various studies carried out to document corporate intelligence activities in different countries. These includes Hamilton (1967), and IDS (1985-6), reported in Fuld (1988) of USA. However, Germany's Strigel (1970), Nigeria's Adegbite (1986), United Kingdom's Denning and Lehr (1971) and Kenya's Aosa (1992) and Karemu (1993), took the analytical view, when studying strategic management practices and touched on various aspects of corporate intelligence activities.

The intelligence activities investigated were derived from the model of marketing intelligence process discussed in chapter 2. The study was cross-sectional in nature.

3.20 Research Method

The study required the collection of both quantitative and non-quantitative data. There was need to retain flexibility in data collection to allow the researcher to pick up unexpected information, which could help in interpreting and analyzing the numeric data collected. This led to the survey being chosen as the suitable data collection method .

3.21 Type of survey

Peterson (1992), indicates that personal interview has the potential of yielding the highest quality and quantity of data compared to telephone and mail interviews. Personal interviews also tends to be flexible and versatile; cheaper - resource wise and the response rate is better.

Considering the study requirements, personal interview was used. Demographic numeric data were collected through structured interview to enable consistency, accuracy and comparison, Peil (1982). Supplementary information was captured through open ended questions and probes.

3.22. The survey Process

The implementation of the survey and the subsequent collection of data was achieved in three main ways;

3.221 Questionnaire Construction

Both undisguised open and closed questions were included in the study questionnaire to capture the demographic and supplementary information sought. Questions were derived from the literature review on marketing planning process, marketing intelligence and retailing in Kenya (supermarkets).

Empirical studies by IDS (USA) 1985-6, adopted similar questions derived from the model of the corporate intelligence process (Fuld, 1988). Heavy reliance, though, was made on Kotler and Armstrong (1993), model of marketing intelligence system. The objective here was to validate IDS (1985-6) empirical findings reported in Fuld (1988) and Kotler and Armstrong (1993) theoretical results, within the Kenya's context.

The first part - A contains highly structured closed questions targeted to capture specific supermarket data. The second part - B contains moderately structured open and closed questions, which were used to capture the broad information on marketing intelligence activities among supermarkets and to allow an atmosphere of free talk and clarification of intriguing issues.

The questionnaire was pretested before being fully adopted for use in the study. Further technical problems which arose later were dealt with

accordingly with modifications on the questionnaire being limited to preserve consistency and uniformity for comparison.

3.222. The population of Study

The population of interest in this study was all the supermarkets operating in Nairobi.

Sampling Frame :

There was no comprehensive list of all supermarkets in Nairobi. Karemu's list from KCC (1992) was used but further updated with the aid of subsequent lists from ;

- KCC dairy produce Depot, Nairobi, Industrial area,
- The Kenya Business Directory 1994
- The Ministry of Commerce and Industry, Provincial Headquarters, Trade offices (Nyayo House 13th floor - Nairobi).

3.223. Sampling Procedure.

To aid in the sampling of the supermarkets, an ordered list was obtained from the KCC, ranking supermarkets in terms of the amount (Ksh.) of the dairy produce they ordered during the months of January, February, March, April, and May 1995. Those with the highest (amount) purchase were ranked first while those with the least came last. From this source 140 mini and supermarkets were obtained.

Of all the supermarkets listed, 60 percent (80) are located within the city center and the Western Area's of Nairobi, Hurlingham, Lavington, Westlands, Parklands, Spring Valley and their environs. Due to resource constraints it was decided that the 80 were commensurate and hence were studied. They were further categorized in to the first 10, the next 25 and the last 45, using the ordered list - by dairy product usage - from the KCC dairy produce depot (Nairobi).

It was assumed, accordingly that the first 10 were the largest and therefore formed part of the sample studied. The next 25 were assumed to be of medium size and a sub-sample of 60 percent (15 supermarkets) was randomly picked for the study. The last 45 were subsequently assumed to be the

smallest and therefore a sub-sample of 55 percent (25 supermarkets) was randomly picked for the study. The sample size of 50 supermarkets, 100, 60, 55 percent large, medium and small respectively, was deemed adequate for the study, considering the resource constraints.

Note : The above classification was purely for the purposes of sampling and did not have any material significance in the analysis of the data collected. Further classification was done during the data analysis categorizing supermarkets into large and small, basing on the size of the trading space and confirmed by number of employees and the number of check-outs.

All the supermarkets that constituted the sample, were contacted. Out of the sample of 50 supermarkets, 31 (62%) responded positively and were interviewed and assisted in filling part of the questionnaire. 12 (24%) declined to participate citing various reasons - to be enumerated later - and were not interviewed. 7 (14%) did not respond in either way - to the earlier appointment made and during the subsequent visits. They kept postponing the appointment date, with the reason of unavailability of time, a move later taken by the researcher to mean 'non-willingness to respond'. Details of the response rates are shown on Table 4.0 below.

Table 4.0 Response Rate

Sub-sample (size)	Positive (%)	Response Negative (%)	No Response (%)
Large (10)	6 (60)	3 (30)	1 (10)
Medium (15)	10 (67)	2 (13)	3 (20)
Small (25)	15 (60)	7 (28)	3 (12)
Total (50)	31 (62)	12 (24)	7 (14)

Source : Interviews.

Note : Uchumi, the leading supermarket chain in Nairobi, with several branches in other towns in Kenya, however, is included among the non-respondents.

The response rate of 62% was deemed sufficient for the study. Related studies in this field, IDS (1985-6), achieved a response rate of 86% and Gelb

et al. (1991), 67%, both of USA (on corporate intelligence activities). In Kenya, Aosa (1992), achieved 15% response and Karemu (1993), 55% (on strategic management practices - touching on aspects of corporate marketing intelligence activities under the current study).

3.224. The Respondents.

The respondents were either directors or top managers - Business managers and marketing managers, who were familiar with or involved in designing marketing intelligence activities and their interpretation.

3.3 The Interview Process

The interview was done in two stages after a brief introduction and a concerted effort by the researcher to develop a rapport.

3.31. The highly structured questions, contained in part A of the questionnaire were presented after the introduction.

3.32. At this stage, the researcher, asked respondents moderately structured questions contained in part B of the questionnaire, occasionally prompting respondents to talk freely about their supermarkets. Probes were used here to clarify further issues which arose.

Finally a vote of thanks for the co-operation and a further reassurance of the sworn secrecy of the information provided and a promise to follow up, with the supervisor any technical issue of interest to both parties which may have arisen during the interview.

DATA ANALYSIS AND FINDINGS

5.1 Data Editing and Coding.

Questionnaires were edited and coded in the field after completion of each interview. All the 31 questionnaires were properly completed for this analysis since most were filled with the assistance of the researcher. Coding was necessary to facilitate data analysis and to uphold the pledge of secrecy for information given and the source.

5.2 Classification of Supermarkets.

The whole sample was analyzed first. It was then split into sub-samples and comparisons made. The intention of the researcher was to base the sub-samples on : Location in Nairobi, Ownership and Size.

Location, as indicated earlier was restricted to the City Center (CC) and Westlands Areas (WA) - representing the outskirts or drive by shopping centers and their neighborhoods - of Nairobi. Size was to be measured in terms of trading space (all branches), number of employees, number of check-outs, number of branches and sales turnover. Ownership had been defined as either wholly local, wholly foreign or joint.

As a measure of size, sales turnover was rejected due to the unavailability of enough information from the respondents - citing confidentiality as being the reason for failure to disclose. The variation in size of the trading space and the number of the employees was very big, while that of the number of branches and check-outs was moderate, indicating a significant difference in size. Therefore, for this study, size of the trading space, number of employees, number of branches and number of check-outs were adopted as the measure of size.

The data collected revealed that all the supermarkets contacted were locally owned. This necessitated revision of ownership as a basis of classification. Thus, the supermarkets were either grouped as Asian - Kenyans (AK), Indigenous - Kenyans (IK) and Others - Kenyans (OK).

The criteria used to differentiate a supermarket from any other retailer was size of the trading space, number of check-outs, composition of merchandise (food and non-food items), and self service (Barker, 1956 ; Philport, 1963 ; Pickering, 1966 ; Gillespie, 1977 ;Davidson et al, 1988 and Kotler and Armstrong, 1993). Further, both empirical and theoretical studies in this field, define supermarkets on the basis of the trading space and the number of check-outs in addition to sales turnover, mix of merchandise and mode of selling.

The literature reviewed was devoid of a sound criteria for classifying supermarkets into small and large (demarcation). Karemu (1993), however, added the trading space for all supermarkets contacted and obtained an average, which was used as the threshold for classification. The size code class by the directory of industries will be used to categorize the supermarkets in terms of number of employees. However, since researchers in this field did not stress this aspect in the classification in terms of size (see literature review), this sub-dimension of size will nevertheless act to vary the earlier sub-division in terms of trading space.

A similar procedure was done for the check-outs. This criteria will be adopted for this analysis. On this basis, the sample was split into two sub-samples ; Large supermarkets (LS), those falling above the average and Small supermarkets (SS), those falling below the average.

The classifications above gave seven sub-samples of supermarkets, coded as follows :

- (i) Based on location : (a) City Center - Coded CC and
(b) Westlands Areas - Coded WA (see table 5.1).
- (ii) Based on size : (a) Large Supermarkets - Coded LS and
(b) Small Supermarkets - Coded SS (see table 5.3 ... 5.8).
- (iii) Based on ownership : (a) Asian Kenyan - Coded AK
(b) Indigenous Kenyan - Coded IK and (c) Other Kenyans - Coded OK (see table 5.9 and 5.10).

5.3 Data Analysis

The study was investigative in nature. The data collected was therefore analyzed using descriptive statistics ; proportions, percentages, means, frequency distributions and cross - tabulation.

5.4 (A) Findings on Supermarket Details.

Location of supermarkets in Nairobi.

Note : For all subsequent tables in this section of data analysis.

(i) Figures are to the nearest digit.

(ii) All refers to all the supermarkets contacted.

(iii) N - symbol for the whole sample and n - subsample .

Table 5.1 Distribution by Location in Nairobi.

Location	Frequency	Percentage
City Center	14	45
Westlands Areas	17	55
Total	31	100

Source : Interviews .

Year of establishment of the supermarkets.

Table 5.2 Distribution by year of establishment.

Year (range)	Frequency	Percentage
1940 - 50	1	3
1951 - 60	1	3
1961 - 70	3	10
1971 - 80	5	16
1981 - 90	11	36
1991 - TO Date	10	32
Total	31	100

Source : Interviews

From the table, it can be concluded that most of the supermarkets 21 (84%) in Nairobi are relatively young having been established during and after the 1980's.

size of the supermarkets today :

- In terms of the trading space, of all branches (square feet).

Table 5.3 Distribution by size of the trading space.

Size (range)	Frequency	Percentage
Up to 1,000	2	6
1,001 - 2,000	6	19
2,001 - 3,000	6	19
3,001 - 4,000	4	13
4,001 - 5,000	2	7
5,001 - 6,000	2	7
6,001 - 7,000	1	3
7,001 - 8,000	2	7
8,001 - 9,000	1	3
9,001 - 10,000	0	0
10,001 and above	5	16
Total	31	100

Source : Interviews

The results above, indicate that 8 (26%) of the supermarkets have a total trading space of less than 2,000 sq. ft., while 23 (74%) supermarkets total trading space falls above 2,000 sq. ft.. The range of the total trading space is from 600 to 38,000 sq. ft..

Considering the definition of a supermarket (see literature on retailing) as a store with at least 2,000 sq. ft. of trading space, we can conclude that 23 (74%) of the supermarkets studied can be referred as supermarkets. The rest 8 (26%), commonly referred as mini-supermarkets don't qualify, according the definition given. Nevertheless, for analysis in this study they were included.

As earlier indicated, classification of the supermarkets according to the size of the trading space into small or large posed problems. However, the average trading space was found to be 6,300 sq. ft.. Basing on the average as the benchmark, the supermarkets were then determined into large 11 (35%) and small 20 (65%). In this classification a major limitation posed by the bigger supermarkets in terms of the trading space (above 30,000 sq. ft. each) was experienced. This may have inflated the average.

To check for the effect of the outlier (bigger) supermarkets, we can omit the two supermarkets, giving an average of 4,550 sq. ft., paving way for further classification. Out of the 31 supermarkets, the revised threshold results in to 14 (45%) large and 17 (55%) small supermarkets. This effect will however be neglected in this analysis in order to analyze all the data collected.

- In terms of the number of employees.

Note : For the classification of supermarkets in terms of the number of employees, the size class code, Kenyan standards, according to directory of industry, 1986 will be adopted.

Table 5.4 Distribution by number of employees.

Employees	Frequency	Percentage	Size class code
5 - 19	19	61	A
20 - 49	4	13	B
50 - 99	6	19	C
100 - 199	0	0	D
200 - 499	2	6	E
Over 500	0	0	F
Total	31	100	

Source : Interviews

From the above table we can conclude, that 23 (74%) supermarkets are small while 8 (26%) of the supermarkets studied are large. Therefore, the results confirm - though with slight variations - the categories reported earlier in terms of the trading space.

- In terms of number of branches.

Table 5.5 Distribution by number of branches.

Branches	Frequency	Percentage
1	28	90
2	2	7
3	1	3
4 and above	0	0
Total	31	1000

Source : Interviews

The results indicate that most of the supermarkets 28 (90%) are single branch supermarkets. This fact was attributed by the respondents to the relatively underdeveloped retailing industry in Kenya, while some pointed that signs of expansion are underway.

In terms of the number of check-outs.

Table 5.6 Distribution by number of check-outs.

Check-outs	Frequency	Percentage
1	4	13
2	6	19
3	8	26
4	5	16
5	3	10
6	1	3
7	1	3
8	0	0
9	1	3
10 and above	2	7
Total	31	100

Source : Interviews

The average number of check-outs for all supermarkets was found to be 4 (3.90). Taking this as the threshold, the supermarkets can be divided into large, 13 (42%) and small, 18 (58%). Once again, these results seem to confirm those of the trading space (see table 5.3 discussion).

It was learnt, that those with over 4 check-outs, 13 (42%) of the supermarkets had some check-outs which were inoperational or were not utilized to the maximum capacity. The reasons cited for this include the business downturn, the low customer turnout at weekday's working hours, and lack of servicing of the equipment leading to occasional breakdown. The average number of operational check-outs was three, a fact confirmed by respondents.

Table 5.7 Distribution of Supermarkets by Size.

Size sub-dimension	Supermarkets			
	LS		SS	
	n	%	n	%
Trading space	11	35	20	65
Number of employees	8	26	23	74
Check-outs	13	42	18	58
Average	11	(10.666..)	20	(20.333..)

Source : Interview Results.

The above findings confirm, the classifications by size in terms of the trading space reported and summarized in the table below.

Table 5.8 Distribution of All Supermarkets by Size

Size	Frequency	Percentage
Large (LS)	11	35
Small (SS)	20	65
Total	31	100

Source : Research Findings.

Most of the supermarkets, which started between 1940's and 1980's, started as small stores with a small trading space, one branch, one check-out and a small number of employees (run by family members). As the business grew and the changes in the marketing environment necessitated adaptation, the supermarkets increased the size of the trading space, the number of employees, branches (for a few) and the check-outs. Supermarkets targeting specific group of customers 4 (13%), have remained small, with improvements on customer service while others have experienced forces of selection from the turbulent marketing environment.

Ownership of supermarkets : - Before revision

Ownership	Frequency	Percentage
Wholly Foreign	0	0
Wholly Local	31	100
Joint (Foreign and Local)	0	0
Total	31	100

Source : Interviews.

As earlier noted, all the supermarkets currently operating in Kenya are locally owned by Indigenous, Asian and Other Kenyans. Expected to break the jinx, according to a reliable source, is the Amsterdam based Spar, to franchise through it's South African subsidiary. Uchumi supermarket is owned by the Government of Kenya (41% stake) and the Kenyan public (59% stake), while Ushirika supermarket is owned by Kenya Union of Saving and Credit cooperative Limited (KUSCCO). These are the only significant supermarkets owned by indigeneous groups of Kenyans. There was, therefore need to revise the ownwership for clear analysis because all owners were local (Kenyans).

- Ownership of supermarkets after revision.

Ownership	Frequency	Percentage
Indigenous Kenyan's (IK)	9	29
Asian Kenyan's (AK)	20	65
Other Kenyan's (OK)	2	6
Total	31	100

Source : Interviews.

5.4 (B). Findings on the supermarkets profiles.

(1) Details of supermarkets.

All the respondents were business managers of their respective supermarkets. 26 (84%) of the respondents, who were the business managers,

were also the directors / owners of the business enterprise.

All the supermarkets studied did not have a well established marketing department. One respondent from a leading supermarket chain indicated that there was a plan to fully implement a marketing department, although he admitted to the existence of a group in the organization charged with the marketing activities.

Response	Frequency	Percentages
Yes	1	3
No	30	97
Total	31	100

Source : Interviews.

Those supermarkets without a well established marketing department, had their directors cum owners and business managers performing most of the marketing activities. It was reliably learnt that only on rare occasions do the directors and business managers delegate their function to other employees, the subordinates.

28 (87%) respondents had a working experience of above 2 years. The average was 3 - 4 years. They were therefore expected to give a true and fair representation of the state of marketing intelligence activities in the retailing industry.

Years (Range)	Frequency	Percentage
Below 2	4	13
2 - 3	8	26
4 - 5	12	39
6 - 7	2	6
8 - 9	2	6
Above 10	3	10
Total	31	100

Source : Interviews.

(2) **Supermarket and it's Marketing Objectives.**

All supermarkets studied had set supermarket objectives and set specific marketing objectives. In most interviews, respondents could not delineate company objectives from marketing objectives. They take company objectives to be synonymous with the marketing objectives.

The most commonly cited marketing objective - 26 (84%), respondents ranked it first - was to attract and win more customers, through improved customer service (see table 3-1). When further clarification was sought on why this objective, respondents argued that if achieved, this will create a trickle effect down to improved sales turnover - profit and may lead to growth opportunities - expansion.

There were other objectives mentioned by the respondents. Ranked in order of importance attached are :

(3) Promotion. Elements of the promotion mix, advertising both on the electronic and print media, sales promotion and public relation - social responsibility, were extensively mentioned. All these, the respondents claimed would improve the supermarket image, exposure and raise the prospective customers awareness of the existence of the supermarket.

(4) Fight competition. Though mentioned extensively, respondents were aloof in elaborating the issue further. The researcher however, got the impression that there was stiff competition and in an effort to defend their niche's, the respective supermarkets had to respond to the competitor encroachment. Tools employed to ward off competitors border on promotion. Others include pricing (price wars), efficiency and effectiveness in customer service and provision of varied quality goods and services.

(5) 28 (90%) respondents, indicated that supermarket and marketing objectives are set by the board of directors (who in most cases happen to be the owners). No supermarket allowed subordinates or supervisors and other staff to participate in the setting of the objectives. Those that are run professionally, 3 (10%) respondents, 2 IK and I AK involve top or senior management in setting objectives, in consultation with the directors.

(6) 4 (13%) of the supermarkets have written objectives. They further confirmed that these objectives are continuously communicated to all the supermarket employees formally. 27 supermarkets (87%), do not have written objectives but communicate informally the set objectives to all the organization employees - who deal directly with customers on day to day basis. Other organization employees were not considered strategic enough to be informed of the objectives. It was further deduced that those supermarkets with written objectives are run professionally - with a hierarchy of management which has to function systematically and formally, necessitating written objectives and formal upward, downward and lateral communication.

Table 5.13 Setting of Objectives

	All		IK		AK		OK	
	N = 31		N = 9		N = 20		N = 2	
	n	(%)	n	(%)	n	(%)	n	(%)
Board	28	(90)	7	(78)	19	(95)	2	(100)
Top management	3	(10)	2	(22)	1	(5)	0	(0)
Supervisory	0	(0)	0	(0)	0	(0)	0	(0)
All staff	0	(0)	0	(0)	0	(0)	0	(0)
Written Objectives	4	(13)	2	(22)	2	(10)	0	(0)
Unwritten Objectives	27	(87)	7	(78)	18	(90)	0	(0)

Source : Interviews

(3) Marketing Plans .

Table 5.14 Marketing Plans

Type of plans	All supermarkets		IK		AK		OK	
	N = 31		N = 9		N = 20		N = 2	
	n	(%)	n	(%)	n	(%)	n	(%)
Budgets	31	(100)	9	(100)	20	(100)	2	(100)
Annual	3	(10)	2	(22)	1	(5)	0	(0)
Longterm	31	(100)	9	(100)	20	(100)	2	(100)

source : Interviews.

All supermarkets have budgets and long term plans (above 2 years). However, the importance attached to the yearly plans is low. 28 (90%) of the supermarkets pointed that the changes in the marketing environment have been several and frequent in nature (see Table 5.26). This necessitates the

continuous revision of the yearly plans (see Table 5.27), thus hampering their usefulness. Supermarkets run professionally, 3 (10%) though, maintained that annual plans guide operations towards set objectives. The planning horizons mentioned by the majority of the supermarkets were up to 1 year (100%), and 1 - 3 years (20%).

MARKETING INTELLIGENCE ACTIVITIES

(A) MARKETING DECISIONS

All the supermarkets responded enthusiastically when presented with questions on the marketing decisions. 18 (58%) respondents ranked product assortment and service decisions first. Decisions on this field (see the literature reviewed) center on the three major variables as confirmed by the respondents : product assortment, service mix and store or supermarket atmosphere. A critical analysis into these variables revealed that supermarkets are careful to offer product assortments that match the shoppers expectations, hence decisions on product assortments width, it's depth and quality of goods.

Table 5.15 Response on Marketing Decisions.

Marketing Decisions					
Rank	Target market	Product assortment and service mix	Promotion	Price	Place
1	3	18*	10	7	2
2	1	12	14*	9	1
3	4	1	6	12*	3
4	13*	0	1	2	11
5	10	0	0	1	14*
Total	31	31	31	31	31

Source : Interviews.

Note : * - highest frequency in that rank.

Promotion decisions were ranked second by 14 (45%) supermarkets. Respondents cited the promotion tools, ranked in the frequency of mention, from the most used to least used as follows ; sales promotion, advertising, public relations and personal selling. Price decisions was ranked third by 12 (38%) supermarkets, followed by target market decisions ranked fourth by 13

(42%) of the respondents. The fifth highest ranked was place decisions 14 (45%).

The research revealed that supermarkets ranked last the target market and the place decisions. A probe with supplementary questions revealed that supermarkets operating in Nairobi (studied) had already selected locations they believed would attract customers, defined their target markets and were busy making decisions on how they will position themselves - through apt product assortment and service, promotion and pricing strategies - in these selected markets .

Table 5.16 Ordered Response on Marketing Decisions Based on Ownership.

Marketing Decisions	All supermarkets		IK		AK		OK	
	N = 31		N = 9		N = 20		N = 2	
	n	(%)	n	(%)	n	(%)	n	(%)
Product assortment and service	18	58	7	78	11	55	0	0
Promotion	14	45	5	56	8	40	1	50
Pricing	12	38	4	44	7	35	1	50
Target market	13	42	6	67	6	30	1	50
Place	14	45	4	44	8	40	2	100

Source : Interviews.

It was found out that there was no marked difference between the marketing decisions made by the various classes of supermarkets based on location in Nairobi and size. However, the LS located in the CC reported making frequent decisions on product assortment and service mix and promotion, as these areas were seen to offer a better competitive advantage necessitated by the stiff competition. SS located in the CC and WA of Nairobi reported making some place and target marketing decisions, which they attributed to their newness in the business and that they are still struggling to carve a niche in the market. One executive from a SS in the CC reported that she has foreseen the chances of being selected / forced out of the market due to the stiff and ruthless competition (especially from the market leaders). She has therefore embarked on studying the market in an effort to select a suitable place and identify the prospective customers. Similar sentiments were echoed by other executives facing competition in their marketing environment.

MARKETING INTELLIGENCE USED IN MAKING MARKETING DECISIONS.

(i) Descriptive Marketing Intelligence.

All supermarkets contacted rely on descriptive MI - on consumers, products and markets - to make marketing decisions. The various supermarket classifications did not reveal any difference in the use of descriptive MI. They concurred on the need to streamline daily operations and decisions through the use of descriptive MI. According to one executive, it is necessary for an astute marketing executive to keep constant watch on the marketing environment in order to adapt the business to the demands of the dynamic environment and avoid being selected out.

(ii) Speculative Marketing Intelligence.

Supermarkets underscored the need for planning (see table 5.14), pointing that plans prepare the organization for the future and other inherent long term issues. Therefore speculative MI was considered necessary to facilitate planning.

Like in descriptive MI, all supermarkets contacted confirmed complete reliance on speculative MI in making marketing decisions. There was no significant difference between the various classes of supermarkets on this dimension of MI, all concurring with the need for an organization to predict its future and specify how the future might be attained.

Further probes on this dimension of MI, revealed the importance attached by the supermarkets to its various sub-dimensions. Ranked according to importance attached are ; assessment of market potential, sales forecasts, cost forecasts and competitor likely future actions. LS located at the CC ranked first assessment of market potential, arguing that it may enable a supermarket to compete effectively. Ranked second was competitor likely future actions, swapping ranks with sales forecasts, a case attributed to the cut throat competition in the CC among the LS (market leaders). SS located in the WA reported the same rankings as those for all the supermarkets combined.

(iii) **Aggressive Marketing Intelligence.**

All supermarkets studied confirmed the use of aggressive MI as the basis for developing a thrust or a change in strategy to enhance the organizations position. However, mixed reactions were recorded when some respondents reported less emphasis attached to aggressive MI. Some indicated that if easily available, aggressive MI is used but no deliberate effort will be made to gather if not available. Others, despite acknowledging the usefulness of aggressive MI reported having not used in making marketing decisions. One sub-dimension on this category of MI, the launching of new services, nevertheless attracted the respondents attention and they confirmed it's occasional usage, to improve provision of quality services.

The various categories of supermarkets response to this dimension of MI is highlighted in the tables below.

Table 5.17 Response on Consideration of Aggressive Market Intelligence.

Response	All		Ownership				Location		Size	
	N = 31 n (%)	IK N = 9 n (%)	AK N = 20 n (%)	OK N = 2 n (%)	CC N = 14 n (%)	WA N = 17 n (%)	LS N = 11 n (%)	SS N = 20 n (%)		
Yes	14 (45)	5 (56)	9 (45)	0 (0)	12 (93)	2 (12)	11 (100)	3 (15)		
Yes/No	10 (32)	2 (22)	7 (35)	1 (50)	2 (7)	8 (47)	0 (0)	10 (50)		
No	7 (23)	2 (22)	4 (20)	1 (50)	0 (0)	7 (41)	0 (0)	7 (35)		

Source : Interviews.

(iv) **Defensive Marketing Intelligence.**

In contrast to aggressive MI, defensive MI is used to secure a position and ward off competitors threats. Supermarkets contacted confirmed this assertion, with one executive observing that competitive intelligence often leads to defensive rather than aggressive decisions.

All the respondents agreed to the use of defensive MI in making marketing decisions, but reported mixed results when pressed further to rank the defensive MI's sub-dimensions in order of importance attached when making marketing decisions. The sub-dimensions investigated were the elements of the marketing mix for product and service combined. The summary of the respondents ranking ordered from the most considered to the least considered

is as shown in the table below.

Rank	Sub-dimension
1	Product and Service
2	Promotion Strategies
3	Pricing and Discount Policies
4	Physical Evidence
5	People
6	Policies and Procedures
7	Distribution Methods
8	Probes

Source : Interview Results.

The various classes of supermarkets studied similarly did not reveal any divergence from the conclusions made above. Most supermarkets agreed to the use of defensive MI, with a relatively small proportion arguing that they would not go to great lengths in gathering defensive MI if not easily and readily available, hence the yes / no response.

However, a large proportion of supermarkets, 28 (90%) studied did not consider defensive MI's sub-dimension probe as important. The response here centered on no opinion with a few denying categorically to it's use. This stand was attributed to the fact that the state of marketing research in the retailing industry is still at infancy and that those few who undertake research do so on a low scale. Those who reported positive to this sub-dimension are the LS operating mainly in the CC and managed professionally. They further reported that most of their research needs are done by contracted marketing consultants or research firms. Those who responded negatively are the SS operating mainly in the WA.

The various dimensions of MI studied above were exhaustive according most of the respondents. They therefore argued, that if easily available on daily, weekly monthly or yearly basis, then the marketing decision making process will be enhanced.

(B) SETTING UP THE SYSTEM

Macro-environmental Factors.

Turbulence in the marketing environment (see Table 5.26), offers both marketing opportunities and threats. Therefore an organization must use its MIS to monitor the changing marketing environment.

The marketing environment is made up of the micro-environment, forces close and controllable to an organization and the macro-environment, made up of forces uncontrollable to the organization. It is therefore imperative that an organization can monitor the uncontrollable environment and try to adapt the organization's functions to the dynamic environment.

Supermarkets executives were requested to indicate the extent to which MI emanating from the macro-environment were considered in running their activities and their response is summarized in the table below.

Table 5.19 Response on the macro-environmental forces.

Factor	Mean score
Market trends	5
Competitive trends	4.8
Economic trends	4.5
Technological	3.8
Socio-cultural	3.6
Political - Legal	2.5
Population trends	2.4

Mean score ranked on a 5 point scale.

Source : Interviews

It is evident (from the table above), that supermarkets considered MI on market trends, competitive trends and the economic trends as very important in running their marketing activities. The executives maintained that these areas experience several changes which are frequent in nature and have direct bearing on the performance of the supermarkets. They argued further that these areas should be continuously monitored because detrimental changes uncontrollable to the supermarket may surprise the executives and it may be too late to react.

Further analysis on the responses revealed a marked difference between the various supermarket classifications, as depicted in the table below.

Table 5.20 Response on the Macro-environment by Classes of Supermarkets.

Factor	Mean Score			
	Location in Nairobi CC	WA	LS	Size SS
Market trends	5.0	4.9	5.0	4.9
Competitive trends	5.0	4.4	5.0	4.4
Economic trends	4.6	4.6	4.8	4.0
Technological trends	3.7	3.8	3.9	3.6
Socio-Cultural trends	3.2	3.5	3.1	3.0
Political - Legal	3.0	2.2	3.4	2.4
Population trends	2.5	2.4	2.6	2.0

Mean Score ranked on a 5 point scale.

Source : Interviews.

From the table above, Supermarkets located in CC reported the same results as those of all supermarkets combined. On the other hand, those located in WA reported reduced importance (reduced mean score) attached to the MI from the same sources, with economic and competitive trends swapping their respective ranks. This fact was attributed to the less turbulence in their marketing environments and that these supermarkets serve specific customers who have developed a clientele, thus reducing the rate of competition.

Similar results were noted when supermarkets were classified according to size. LS were found mainly in the CC while the SS were located in the WA. LS reported comparable results to those found in the CC. Notable however was the marked reduction in the importance attached (reduced mean scores), coupled with the swapping of the rankings.

Sources of Marketing Intelligence.

All supermarkets studied collect MI on various aspects of their marketing environment. However, there was slight variation in the sources considered when collecting intelligence. Respondents ranked various sources in terms of importance attached and reported the results tabled below.

Table 5.21 Response on Sources of MI.

Source	Mean Score
Analyzing Physical Evidence	4.4
Observing	4.3
Personal Contacts	4.1
Electronic Media	4.0
Print Media / Published Materials	3.8
Public Documents	3.5
All Organization Employees	3.4
Competitors Customers	2.6
Recruits	2.5
Competitors Employees	2.0

Mean Score ranked on a 5 point scale.

Source : Interviews

Most supermarkets rely heavily on analysis of the physical evidence, observation, personal contact and both print and electronic media. There was no substantial difference on the sources considered between different classifications of supermarkets.

The supermarkets studied 27 (87%) reported the use of ethical means and sources of MI. Those sources which boarder on industrial espionage and subversion was reportedly used by 3 (10%) supermarkets. Sources such as competitor's employees, advertisement of fictitious (non-existent) jobs to woo competitors employees and other recruits, who are eager to impress the prospective employer, thus spilling valuable information and enticing or interviewing competitors customers were regarded both unethical and termed as industrial espionage and subversion activities by most respondents. They therefore shied away from these.

Further reasons to unearth the supposedly reported positive ethical behavior among the players in the industry were fruitless. Most respondents were tense and careful when answering questions, because of the implicit underlying premise 'corruption'. However one respondent was bold enough to admit having advertised a non-existent job in an effort to get some information from competitor employees. He supported his action as being legal and pointed further that he employs 'people's greeters' who entice competitors employees and customers to reveal needed information.

Marketing Intelligence Activities Position Within the Organization.

28 (90%) supermarkets established the MI function - assigned an individual employee, subordinate, manager or a director to gather intelligence - to meet specific short term-needs. Only 2 (6%) supermarkets included in the survey established an intelligence gathering function (a full department or a group in the department) as part of a long term plan. No supermarket involve the entire employees in the intelligence function. The respondents revealed that the MI sought in most cases is confidential information, hence the need for secrecy. Involving all employees might lead to espionage and subversion in the industry, a scenario detested by all in the survey, yet according to one executive of a leading supermarket chain, the practice is rampant.

During major marketing environmental changes, all the respondents indicated that a director or top managers or 1 to 3 employees are assigned the intelligence function (randomly) depending on the availability of time and experience, to scan over the industry, especially on the competitors reactions. According to one executive from a leading supermarket chain, the sale announcement by the leading supermarket chains (market leaders), will lead to a flock by 'spies' from other smaller chains (followers) immediately to check on pricing and other major changes.

3 (10%) supermarkets, reported that they anticipate directors MI needs rather than continuously reacting to 'ad hoc' request for information. Incidentally, these supermarkets are those managed professionally. The respondents further revealed that, since there is no full time department devoted to MIA, staff may occasionally be too busy with other assigned chores, making it difficult for them to scan the environment and contemplate the directors requests.

However, 28 (90%) of the supermarkets continuously react to 'ad hoc' requests for information by immediately assigning an individual or two to collect the intelligence needed. Most of the supermarkets here argued that it would be uneconomical to maintain full time staff , adding that the directors

can also collect some of the needed intelligence informally.

Computerised Data Bases.

29 (94%) supermarkets have not built nor do they intend to build MI databases, arguing that manual filling systems are more economical due to the limited budgets. 4 (13%) respondents reported having installed computer databases but fell into disuse because of high maintenance costs, difficult (complex) and expensive to update, duplicated information was available everywhere in printed form (reports) and lack of qualified users. Therefore, they did not meet the specific needs of the decision makers.

2 (6%) supermarkets, maintain a computerized database containing marketing information on various competitors. They operate on micro-computers as operating costs for databases maintained on the mainframe are prohibitive. Despite the advantages associated to computerization, one respondent reported that in most cases, maintenance costs run at least as high or higher than the database's start-up costs, which has been a barrier to computerization by all supermarkets.

The Marketing Intelligence Budgets.

The MIA budgets reported range from slightly less than Ksh. 10,000 per annum to well over Ksh. 100,000 annually. Various respondents including the researcher had difficulty in allocating quantifiable costs to some MIA. Included here are sources such as personal contacts and the unofficial staff advice found to be prevalent among the supermarket owners.

Table 5.22 Response on MIA Budgets.

Budget (Ksh. Annually)	All supermarkets (N=31)		IK (N=9)		AK (N=20)		OK (N=2)	
	n	%	n	%	n	%	n	%
Below <--20,000	5	16	0	0	4	20	1	50
20,001 - 40,000	7	23	2	22	5	25	0	0
40,001 - 60,000	10	32	3	33	6	30	1	50
60,001 - 80,000	4	13	2	22	2	10	0	0
80,001 - 100,000	2	6	0	0	2	10	0	0
Above--->100,000	3	10	2	22	1	5	0	0

Source : Interviews.

From the table above, 22 (70%) of all supermarkets, reported MIA budgets of below Ksh. 60,000 annually. Correspondingly from table 5.23 below, it is clearly evident that most of these supermarkets, 14 (64%) are found in the WA of Nairobi as opposed to the CC, 8 (36%) and that they are SS, 17 (77%), as opposed to LS, 5 (23%).

Table 5.23 Response on MIA Budgets based on Location and Size.

Budget (Ksh. Annually)	All supermarkets (N=31)		CC (N=14)		WA (N=17)		LS (N=11)		SM (N=20)	
	n	%	n	%	n	%	n	%	n	%
Below<---20,000	5	16	2	14	3	18	0	0	5	25
20,001 - 40,000	7	23	2	14	5	29	2	18	5	25
40,001 - 60,000	10	32	4	29	6	35	3	27	7	35
60,001 - 80,000	4	13	2	14	2	12	2	18	2	10
80,001 - 100,000	2	6	1	7	1	6	1	9	1	5
Above--->100,000	3	10	3	27	0	0	3	27	0	0

Source : Interviews.

Although majority of the supermarkets reported small MIA budgets, it was reliably learnt, that in comparison with their annual sales turnover, it was significantly high compared with those which reported higher MIA budgets. The lack of response on the supermarkets sales turnover deprived the researcher of a more validative conclusion on the relationship between MIA budgets and the sales turnover.

Most of the respondents from the supermarkets located in WA and which are relatively young - having been established in the 1990's reported high MIA budgets relative to their sales turnover. This fact was attributed to the need to continuously monitor their competitors in the CC (market leaders). In an effort to attract more customers, they must continuously offer quality goods and services, relatively similar to those of their competitors. According to one executive, the state of competition in the industry has forced them to be market followers.

The leading supermarket chains located in the CC, reported low MIA budgets relative to their sales turnover. This was attributed to the fact that they are the market leaders and competition at the same level is limited to a few LS, which always offer similar goods and services, targeted to the

same customers.

The Asian - owned supermarkets reported low budgets as compared to the indigenous Kenyan supermarkets. A desperate attempt was made to discover the reason behind this and despite the unwillingness to divulge information on this issue, one respondent hinted to the existence of an Asian Management Advisory Committee. The committee functions informally and strictly serves members of the community. The committee comprises experienced business executives who advise members accordingly, thus reducing (to some extent) the need for environmental scanning.

Despite an increase in MIA budgets overtime reported, there were no employees working full time nor an intelligence department fully devoted to MIA. Those who occasionally handle MIA happen to be employees from different departments, thus blurring the costing of MIA. Respondents indicate that MIA budgets increase when supermarkets : Launch public relations activities, Send 'ghost shoppers' to other supermarkets, Make contacts through informal and formal gatherings, Support salaries for those assigned the respective duties, Training employees on MIA (reported by a few supermarkets) and on the purchase of materials and equipment for MIA activities among others.

Problems Faced in Undertaking Marketing Intelligence Activities.

All the respondents indicated that the lack of resources do hamper the MIA - qualified personnel among other resources. A notable limitation raised by 26 (84%) of the respondents, was the awareness of the employees of the need to gather MI. All employees continuously get intelligence which may be useful to the organization but fail to report back.

Those supermarkets managed professionally 3 (10%), raised the issue of top management support. For an efficient and effective MIS , top management support is a must, especially in the allocation of resources.

A relatively small number 4 (13%) supermarkets, reported limitations from the business rules and regulations plus ethics. Industrial espionage and

subversion was also extensively mentioned among these respondents. One respondent from a leading supermarket chain revealed having apprehended ``spies - snooping'' on his supermarket's operations.

Most respondents were also worried of the security of the intelligence reports, a fact which has forced most directors to concentrate the intelligence gathering functions among themselves.

(C).i. ANALYSIS

26 (84%) of the respondents indicated that the MI gathered is analyzed by top management and directors - cum owners, when they themselves gather from the marketing environment. Where an individual is assigned the responsibility of gathering MI, the individual in most cases will analyze the raw information before forwarding on to decision makers who may further analyze before being used for decision making.

Those supermarkets managed professionally 3 (10%), reported a longer chain of communication flow. When an employee undertakes the MIA, MI is briefly summarized by the gatherer before delivering to top managers who inturn deliberates on the information further before finally forwarding to the top management or top directors . Directors, however, may further analyze the intelligence received to discern the underlying implicit salient premises before adopting in the decision making.

On the data analysis tools used, 10 (32%) respondents reported the use of programs such as computer based statistical packages and simple statistical tools - summary statistics. 4 (13%), reported the use of computer based analysis, but failed to explain further on the specific statistical packages used. 6 (19%) reported the use of summary statistics as they lacked the resources for computerization. All the respondents positive on this issue, nevertheless, expressed satisfaction with the use of the current analysis tools.

The rest 68% of the respondents, reported negatively concerning the use of any formal analysis tool, arguing that observation and judgmental

(understanding of the scenario) were commensurate. They concurred on the relative simplicity of the intelligence sought, lessening the need for complex analysis tools.

Missing on the respondents list of the statistical tools was the varied mathematical tools, advocated by Lilien and Kotler (1983). A respondent from a leading supermarket chain argued that Kenya's retailing industry (supermarketing) is still at 'infancy' compared to those from the developed world and that the use of the mathematical models to help marketing managers make better marketing decisions was minimal. Those supermarkets managed professionally reported that when consultants are drafted to gather and analyze 'complex' marketing information, they sometimes use sophisticated mathematical models for analysis.

ii. DELIVERING INTELLIGENCE

- To the overall organization

MI has no value until the marketing decision makers use it to make superior marketing decisions. Respondents therefore reported the following results on delivering intelligence to all organization employees.

Note : (i) Respondents were not restricted to one means of delivery (therefore multiple means were reported by some).

(ii) The frequency is scaled to 31 and the corresponding proportion is as per the 31 expected responses.

Table 5.24 Delivery of MI to All Organization Employees.

Means	No. of Responses	Percentage
*Informal meetings	21	68
Formal meetings	15	48
Displays		
- Demonstration rooms	11	36
- Bulletin board	7	23
Newsletters	4	13
Electronic mail	3	10

Source : Interviews.

From the table above, we can conclude that most supermarkets use both formal and informal meetings to deliver MI to the whole organization employees. Most respondents could not pinpoint the nature of these meetings but reported informal and formal verbal conversation between intelligence gatherers and the decision makers.

Displays - demonstration rooms and bulletin board were second in usage. Respondents reported formal training to employees, when experts equipped with market intelligence demonstrate to the organization employees how the competitors conduct their businesses, in the process disseminating useful intelligence.

The use of newsletters (and notices) was found to be confined to those supermarkets managed professionally. One large supermarket managed professionally reported the use of press - the supermarket owners publication. The low usage rate of electronic mail was attributed to the non-computerized business operations in most supermarkets. 3 (10%) supermarkets indicated that they occasionally use the electronic mail, but warn that the cost inherent may not justify the means.

- To Decision Makers.

Some supermarkets deliver MI to key decision makers through the same methods used when delivering MI to all organization members.

Table 5.25 Delivery of MI to Key Decision Makers.

Method	Frequency	Percentage
Meetings		
- Informal	27	87
- Formal	20	64
Reports	7	23
Newsarticles	5	16
Clippings	3	10
Competitors reference books	2	6

Source : Interviews.

Note : See note 1 and 2 before table 5.24.

Due to the absence of formal departments engaged in MIA, directors and top managers assign themselves the task and a few employees. This reduces the

need for formal meetings. Directors of most supermarkets meet informally to set marketing objectives and plans (see table 5.13), thereby passing MI to fellow decision makers.

Respondents from some LS and those managed professionally reported the use of reports, newsletters and clippings to supplement meetings. A relatively small proportion (6%) - one large and one managed professionally - reported the use of competitor reference books which are continuously updated and given to top decision makers.

Marketing decision makers occasionally need non-routine information for special situations and on-the-spot decisions. 4 (13 %) supermarkets, large, managed professionally and computerized, reported having installed central information systems, where top decision makers can draw intelligence whenever they need.

17 (54%) reported 'ad hoc' attempts to provide non-routine MI to decision makers when requested, though they were quick to mention the time limits. 10 (32%) were not committed to any response arguing that since directors and top managers were responsible for MIA, in the absence of the urgently needed MI, they were then expected to use their experience in responding to such unexpected occurrences.

(D) RESPONDING TO MARKETING INTELLIGENCE.

The Marketing Environment.

Table 5.26 Description of the Marketing Environment.

Description	All (N=31)		Location				Size			
			CC (N=14)		WA (N=17)		LS (N=11)		SS (N=20)	
	n	%	n	%	n	%	n	%	n	%
Fairly turbulent	14	45	6	43	8	47	5	45	9	45
Turbulent	10	32	7	50	3	18	6	55	4	20
Fairly stable	5	16	1	7	4	23	0	0	5	25
Stable	2	6	0	0	2	12	0	0	2	10

Source : Interviews.

Most supermarkets 24 (77%) reported a fairly turbulent and a turbulent marketing environment. Cases of frequent and regular changes in the market trends lead to stiff competition in the industry. Sale offers by the market leaders was reported to have brought great imbalance in the industry, necessitating counter measures from the market followers, thereby increasing the state of competition. This in turn had a trickle effect down to turbulence in the marketing environment. One executive from a leading supermarket chain agreed to the tough times in the retailing industry attested by going-out-of business signs, bankruptcy fillings and constant sales: He retorted : ``Retailing is not an area of hope, it's not fun. It's almost war'' (see literature review).

Supermarkets located in the CC reported a high proportion of fairly turbulent and turbulent business marketing environment, 13 (92%) of all the 14 supermarkets compared to a low response rate from those located in WA, 11 (65%) of all supermarkets in this category. The respondents argued that the turbulence in the marketing environment, especially for supermarkets located in the CC was occasioned by the stiff rivalry between the leading chains and the mushrooming of shopping malls in and around the city. The dash for prime space in the lucrative Nairobi CBD is raging, with the market leaders expanding their market trading space (through multiple branches). Those supermarkets located in WA reported fairly turbulent marketing environment. They defended this stand with the fact that they have specific customers segments (loyal customers) and despite heavy competition for the same customers - market share competition - from the CC established chains through extension of branches, the clientele cords still persist.

11 (100%) LS reported turbulent and fairly turbulent marketing environment compared to SM, 13 (65%). Most LS are located in the CC, hence they experience this state because of reasons advanced above. The same reasons for low response on turbulence in small supermarkets were found to be similar to those advanced by executives of supermarkets found in WA.

7 (22%) of all supermarkets reported fairly stable and stable marketing

environment. Out of these supermarkets, 6 (86%) are located in WA as compared to the CC, 1 (14%). Incidentally, all these supermarkets are SS. Their executives defended this position arguing that they operate in a 'distinct' environment from the large supermarkets in that they target specific customers in the neighborhoods, with limited assortment of goods. They have developed a clientele with the customers they target, leaving the market leaders to do open battles in all marketing fields.

All the supermarkets studied reported the use of MI to estimate the time scale of environmental change, the extent of the change, what has caused the change, how it will affect their business and when reacting to the marketing environmental changes. The way MI is used in the estimation of this variables vary as each supermarket has an internal response process unique to that organization.

Further probes in line with Barrett (1986) argument that , the way market signals are interpreted present a more fundamental difficulty when attempting to understand the organizations response to market signals. Indeed, it was confirmed by the respondents that MI must be seen, by the top executives to be significant, for it to elicit a corresponding reactionary usage. One executive of a leading supermarket chain quoted the announcement of a sale offer - by market leaders - as one market signal of great significance to close competitors, which immediately calls for a response. A sale announcement will immediately command speculation from all affected as to the reasons behind the sale, the period of sale, the product assortments involved, the pricing strategy involved, how long it will take, whether it will be repeated in the near future and how it will affect one's business. One respondent confessed to have solicited the services of a former military intelligence officer in trying to understand the various market signals and plan on how to react to these signals.

All respondents, however, concurred of the existence of 'gossip' in the industry and that some supermarkets use grapevine to test the market reaction to contemplated marketing decisions. They further warned that such

gossip should not be neglected as they may possess some element of truth and should be applied diligently in making marketing decisions.

Review of Marketing Objectives and Plans.

The responses taken by each supermarket to the changes in the marketing environment vary but center on the reviewing of both marketing objectives and plans. All respondents agreed to this and further explained that when an MI (forecast state) signal is received, executives or top managers compare it with the current strategy (planned state) and if a deviation is forecasted in line with the earlier set objectives and plans, changes become certain.

The supermarkets studied reported regular review of marketing objectives and plans in line with MI from the marketing environment. In instances where a very significant MI signal is received, the executives reported that an immediate response - review of the stated objectives and plans must follow. The table below summarizes the respondents report on the frequency with which the marketing objectives and plans are reviewed.

- Note :** (i) Respondents were not limited to one choice of the review period.
(ii) The corresponding proportion, is per the total supermarkets contacted (31).

Table 5.27 Review of Marketing Objectives and plans.

Period	Objectives		Plans	
	Frequency	Percentage	Frequency	Percentage
Daily	0	0	0	0
Weekly	2	6	3	10
Monthly	7	23	9	29
Quarterly	18	58	21	68
Semi-annually	11	35	15	48
Annually	13	42	19	61

Source : Interviews.

Majority of the supermarkets indicated that they reviewed their objectives and plans either quarterly, semi-annually or annually. These are relatively short horizons, but they defended this action by citing the turbulence - several and frequent changes - in the marketing environment (see

table 5.26) which keep on emitting significant market signals.

There was no marked difference in the revision of marketing objectives and plans between the various classless of supermarkets studied. However, the respondents indicated that there is an internal response - to market signals - process unique to each organization.

(E) MARKETING INTELLIGENCE SYSTEM PERFORMANCE.

28 (90%) of all supermarkets visited were contented with their MIS performance in providing useful intelligence to their decision makers in terms of content, timing, range / scope and format as evidenced in the meanscore of the ratings (high average - 4.475) shown below.

Note : Ranking was on a 5 - point scale.

In terms of	Mean score
Content	5
Timing	4.6
Format	4.3
Range / Scope	4

Source : Interviews.

3 (10%) supermarkets, those managed professionally, however were not totally satisfied with the performance of their MIS. They indicated that they would have liked to see improvements in the timing, format and range of MI, through raising of the employees awareness of the importance of MI and through the establishment of a full department devoted to MI.

CHAPTER 6

SUMMARY, CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

OF THE STUDY

6.1 Summary of the Findings and Conclusion

Past theoretical and empirical studies in the area of marketing information system have argued along the lines based on the model of marketing intelligence system, discussed in chapter 2. Researchers also in the field of corporate intelligence activities have supported this model, which has several dimensions and sub-dimensions investigated in this study. The major dimensions investigated were ; intelligence gathering after identifying decision makers intelligence needs, analyzing intelligence and disseminating marketing intelligence for marketing executives to respond (feedback) to the dynamic marketing environment.

SUPERMARKET PROFILES.

Most of the supermarkets surveyed, over 97%, did not have a marketing department. Despite the fact that all supermarkets contacted have set marketing objectives and plans, it was established that these strategic marketing management core functions, which are the backborn of marketing intelligence activities are done informally. A few, 10% of all supermarkets contacted, which are large, located at the city center and are managed professionally, reported the converse, they formally set their marketing objectives and plans. The absence of the marketing department and the overwhelming informality in most functions undertaken to the majority of supermarkets, was attributed to the 'infancy' of the supermarket retailing in Kenya and their form of management (patrimonial - by family members).

The above discussions and the subsequent findings (see data analysis on supermarket management profile), a profile for supermarket management can be inferred, that :

(i) Most supermarkets in (97%) Nairobi do not have a well established marketing department.

- (ii) Most supermarkets have informally set marketing objectives and plans. However a relatively small proportion of the large supermarkets managed professionally, do set objectives and plans formally.
- (iii) Most supermarkets are pro-active in their promotional campaigns.
- (iv) Most supermarkets are re-active in fighting the competition.
- (v) Most supermarkets , 90%, have marketing objectives set by the directors, who are also the owners, except those which are professionally managed.
- (vi) Most supermarkets, 80%. do not have written objectives, but communicate informally set objectives to employees. However, executives of the professionally supermarkets reported the converse, but concurred with the need for communication to all employees.
- (vii) All supermarkets have budgets and long term plans, but the importance attached to these plans is low (according to the executives), because of the turbulence in the marketing environment.

Marketing Decisions

The supermarkets surveyed, had their directors mainly involved in product assortment and service mix, promotion, pricing , target market and place decision making, with their relative importance in that order. The large supermarkets (32%) located in the city center, were found to be pro-active in their promotional campaigns utilising mainly sales promotion and advertising. However, it was found that there was no marked difference between the overall marketing decisions made by the various classes of the supermarkets, based on location, size and ownership.

Though most of the directors were not aware of the categorization of marketing intelligence, most of them use :

- Descriptive marketing intelligence, which helps them to react (be re-active) to the changing characteristics of consumers, products and markets at a given time. This conforms further to the use of descriptive marketing intelligence as a basis for the daily operations and decisions.
- Speculative marketing intelligence, which is forward looking, prepares the

supermarket for the future (pro-active). Supermarkets use pro-actively, speculative intelligence for planning and organizing other long term issues.

- Defensive marketing intelligence. This is used as both a pro-active and re-active strategy in managing the marketing environment. Most supermarkets, large and located in the city center (market leaders), use defensive intelligence both pro-actively and re-actively to secure position and ward off competitive threats. Tools employed here include all dimensions of the marketing mix for both products and services.

However, the small supermarkets mainly located in the Westlands areas of Nairobi use defensive marketing intelligence as a re-active weapon, as they are market followers. There was a low reliance on the probe dimension of the marketing mix by the small market followers (small supermarkets), while the market leaders concurred otherwise, through contractual arrangements with marketing consultants or research firms.

The large supermarkets, located at the city center and those professionally managed, however use aggressive marketing intelligence, as both a pro-active tool in developing a sales thrust and as a re-active weapon in changing their strategy to conform to the dynamic marketing environment. The executives attributed this to the stiff competition they are facing at the city center.

Macro-environmental Forces.

In setting up the marketing intelligence system, most supermarkets consider heavily (see high mean score, table 5.20) the marketing intelligence from the marketing macro-environment forces ; market trends, competitive trends and economic trends. This was attributed to the several and frequent changes in these forces within the last few years. Nevertheless, those located at the Westlands areas of Nairobi, reported relatively less importance to the above forces (see reduced mean score, table 5.20), due to the low turbulence in their marketing environment and their customers.

Sources of Marketing Intelligence.

However, in collecting marketing intelligence, most supermarkets rely on analyzing the physical evidence, observing, personal contact and the media - both electronic and print (published materials). These sources conform to accepted business ethics.

Marketing Intelligence Function Position Within the Supermarket.

Most of the supermarkets (90%) surveyed, have an individual, a group (directors or top managers) who continuously react to 'ad hoc' requests for intelligence needed to make marketing decisions. Although the intelligence gatherers in many supermarkets have other duties as well, 'every supermarket contacted has at least the equivalent of one full-time employee gathering marketing intelligence'.

However, a relatively small percentage (10%), of the large, city center based and professionally managed supermarkets have established a marketing intelligence department or a group within a department, as part of their long term plan. The group or the department is pro-active when they anticipate the directors intelligence needs and re-active when they react to 'ad hoc' requests for intelligence needs. All supermarkets, do not involve all supermarket employees in the intelligence function, citing confidentiality of the information sought, hence the need for security.

Computer Data Bases.

Many of the successful supermarkets studied have not built - nor do they intend to built - intelligence data bases. Instead, they rely on manual filing systems and an active network of internal and external experts for their marketing intelligence. The few supermarkets, 13%, that have used computer data bases successfully for marketing intelligence activities, have kept the data bases small and simple, relying on micro-computers rather than mini-computers or mainframes.

Marketing Intelligence Activities Budgets.

The Supermarkets surveyed have increased their marketing intelligence budgets substantially over the last decade (1980's) and the early 1990's (1990 - 1994). On average, the supermarkets surveyed spend Ksh. 60,000 annually (especially during the 1990's) on marketing intelligence activities. However, small supermarkets located in the Westlands areas of Nairobi and the City center, appeared to have high budgets relative to their sales turnover, a fact attributed to the need to keep pace with the market leaders in the provision of relative quality goods and services.

Large supermarkets, the market leaders, on the other hand reported low budgets on marketing intelligence activities, relative to their sales turnover. Comparatively, the Asian owned supermarkets reported low budgets than the indigenously owned supermarkets. This was attributed to the informal management and running of most activities in Asian owned supermarkets, making it difficult to allocate cost to some of the marketing intelligence activities.

Limitations of Marketing Intelligence Activities.

All supermarkets contacted cited lack of resources, as being the overwhelming factor hindering marketing intelligence activities. Those managed professionally (10%) agreed with minimal top management support in trying to establish the activity. However, a relatively small proportion, 13%, reported unethical practices in the industry as limiting their activities, citing espionage and subversion in the industry. Most respondents also were worried of the security of their reports, leading to the restriction of the marketing intelligence activities to directors and top executives only.

Analysing Marketing Intelligence.

In analyzing the marketing intelligence collected by the intelligence gatherers, most supermarkets rely on the activity capability of the intelligence gatherer only. The professionally managed supermarkets, however

reported a longer chain of communication flow, which calls for further analysis of the marketing intelligence at each threshold, before being finally adopted for decision making. Few large supermarkets, located at the city center and managed professionally, 3 1/2 of all surveyed, use computer based statistical packages and simple statistical tools.

However, when complex intelligence is needed or collected contracts are sought from the marketing and information consultants who may use or may not use complex data analysis tools. Nevertheless, the majority of the supermarkets surveyed, rely on observation and judgemental (understanding of the scenario) of the intelligence gatherer, citing relative simplicity of the intelligence sought.

Delivering Marketing Intelligence.

To be successful, most intelligence gatherers in the retailing rely heavily on meetings - both informal and formal - to deliver marketing intelligence to employees of the whole organization and to key decision makers. To supplement this, displays - demonstration rooms and bulletin boards - are used in disseminating marketing intelligence to all the organizations employees. This is in line with the informality prevalent in setting objectives and plans in the retailing industry. Most intelligence leaders prefer not to use memos at all. Because of the fast changing nature of the retailing business, they prefer to respond by telephone or direct meeting, again with no fixed reporting periods.

The Marketing Environment.

Most supermarkets, 77% of all surveyed, reported a fairly turbulent marketing environment. The majority of respondents were the large and the city center based supermarkets, a fact attributed by their executives to the dynamic market, competitive and economic trends and the mushrooming of the shopping malls in and around the city. Out of the small proportion (22%) who reported a fairly stable and stable marketing environment, the majority (86%)

are relatively small supermarkets located at the Westlands areas of Nairobi. Their executives insisted, that they operate on a 'distinct' marketing environment, targeting specific customers in the neighborhoods and that they have developed a clientele with the customers they serve.

Use of Marketing Intelligence in Estimating the Market changes.

All supermarkets surveyed use marketing intelligence in estimating the time scale of the environmental change, the extent of the change, what has caused the change, how it will affect the business and when reacting to the environmental changes. However, all supermarket executives interviewed concurred of the existence of 'gossip' in the industry, occasioned by the use of grapevine by the leading supermarket chains to test the market reaction of the contemplated market changes.

Review of Marketing Objectives and Plans.

Most of the supermarkets surveyed, review their marketing objectives and plans either quartely, semi-annually or annually. These are relatively short horizons. However, most of the executives interviewed argued that the kind of objectives and plans they have are not good enough in the turbulent marketing environment.

In all, the study revealed that most of the marketing intelligence activities are done informally among the supermarkets. The salient underlying premise here is the informality in the management practices prevalent in the retailing industry. This is further compounded by the fact that most of the supermarkets studied are family owned and managed (patrimonially) businesses and the need to maintain security, as most information sought is confidential.

Clearly, it is only a beginning to talk with 31 executives and their is no implication that in doing so, we have 'covered' the world of marketing intelligence activities and Nairobi supermarkets. Nevertheless, conclusions inferred from the above and a few other tentative conclusions do emerge, subject to further investigation :

- To businesses and in particular marketers, marketing intelligence activities are a fact of life. Nobody expects it's importance to shrink.
- Improved marketing intelligence gathering techniques can ultimately improve the performance of an organization, in the belief of the supermarket executives contacted. However, the emphasis should be on the strategy undertaken by the competitors, to the extent that it can be uncovered or inferred.
- Thus, the technique-oriented books and articles on intelligence that focus on data acquisition may offer insufficient advice. What is needed to satisfy executives is a blend of data gathering and strategy inference.
- Sentiments exist for more collaboration among competitors.

Overall, the interviewed executives were less worried about the nuts and bolts of intelligence and more interested in using it to improve their own performance and that of the retailing industry as a whole. To the extent that they reflect a shift in the emphasis of this stand, there is food for thought for regulators and a market for the intelligence gatherers.

6.2 Recommendations of this Study.

The survey results overwhelmingly imply great competitive advantage achieved as a result of marketing intelligence activities, as agreed by the executives from small supermarkets (market followers). It is imperative, therefore, that all players in the retailing industry (supermarkets) should formalize their marketing intelligence activities to realize the inherent full potential benefits. Prior to this study, this suggestion had been forwarded by researchers in this field and other related fields. Among them are Robertson (1974), Porter (1979), Fuld (1988), Gelb et al., (1991), Aosa (1992) and Karemu (1992).

If marketing management is to benefit from the results reported in this study, it must start by considering the following :

- Each marketing manager must ask him/herself; `` How important is it to become aware of developments (competitive and non-competitive) in the

marketing environment via timely and accurate marketing intelligence feedback or reports ?'' Can the business afford the luxury of waiting until well after the competitive developments - such as new products and services being introduced; sale offers (price cuts) among others - have taken place to learn about these developments ?

- If and infact marketing intelligence activities feedback is important to management, this point must be stressed beyond a mere casual mention in the company policy documents. Regular and repeated mention of the importance of such feedback (intelligence), combined with company acknowledgement of receipt are essential. One method of implementing this recommendation would be to provide strong peer group recognition for persons - be they directors, managers or subordinates - who do provide important information.

In order to encourage marketing intelligence activities, retailing management might wish to consider employing full time employees to undertake marketing intelligence activities, devote a full time department and use of financial incentives as a stimulus to some company employees such as the salesmen.

Lastly, whenever possible, marketing management should clearly demonstrate the usefulness and how the marketing intelligence reports / feedback was used. This will underscore the importance of the information and serve as a reminder to others to report any information which may be of significance to the organization.

Then, and only then, will marketing management achieve the goal envisioned by the following description :

The modern company employees, in other words, not only communicates the company's story to the customers but also feeds back customers reaction to the company. They are a vital link both in the communication and the marketing processes (McCarthy, 1971).

6.3 Limitations of the Study.

The population of the study was compiled from several sources. It should be noted that there was no comprehensive and accurate list of all supermarkets in Nairobi. This could have led to the errors of omission in the sampling. The study also surveyed all those supermarkets in the city center and the Westlands areas of Nairobi. The conclusions drawn therefore may not be a true and fair reflection of the whole population of supermarkets in Nairobi. Failure to cover all the supermarkets was attributed to resource and time constraints.

This study was conducted in form of a survey, thereby invoking the weaknesses of a survey research in to the study. These weaknesses include :

- Surveys are obtrusive (obvious / noticeable) and as such affects the respondents response.

- Self reporting is not always accurate.

- The use of structured questionnaires predetermines questions respondents are supposed to answer. This may have forced the respondents to respond to questions even without understanding.

One of the leading supermarket chains in Nairobi, Uchumi, with several branches in Nairobi and other major towns, however, refused to participate in the study, citing the current structural changes within the company and the reported past non-participation in various research studies. This may have influenced the findings of this study.

No past study known to the researcher has ever been done locally on the area of marketing intelligence. The researcher, therefore lacked a base and had to collect information on several aspects of marketing intelligence activities, basing on the model of a marketing intelligence system (from USA). Several assumptions were made in trying to validate it locally, which may not hold true for the local marketing environment. This may have deprived the researcher of a more focused study, as a basis for making valid conclusions.

Currently in Kenya, there is a talk of widespread and rampant corruption both in the private and the public sector. Officers from the Kenya Police -

The Anti-corruption Squad - have apprehended several culprits since it's inception (especially over the last few months). This study, by sheer coincidence, was undertaken when the police unit's operations were at it's peak - culminating into the arrest and the subsequent trial of corrupt businessmen. Several respondents, therefore, were suspicious of an impending investigation on industrial espionage and subversion, shied away from revealing valuable information while others adamantly refused to be interviewed citing pending court cases.

The effect above was to reduce the response rate of 62%, depriving the researcher of a more conclusive study. Nevertheless, with the researcher's assurance and proper identification, sufficient information was gathered, leading to for the conclusions reported.

6.4 Suggestions for Further Research.

This study took a wider view, encompassing all the dimensions of the model of marketing intelligence system. For a more thorough study it is recommended that one can study each dimension or further the sub-dimensions given enough resources. Such a study will provide a greater depth on the state of marketing intelligence activities in Kenya.

Though marketing intelligence activities presented in this study appears to encompass a wider scope, it all relatively, boils down to the corporate departmental level when the organization is considered in totality. With this assumption, it is recommended that a further comprehensive study be undertaken on the overall corporate intelligence activities in Kenya.

The study, whose results are reported here, surveyed supermarkets in the retailing industry. Marketing, however, is pervasive. It is suggested, therefore that this study be replicated in the following industries : Appliances, Banking, Chemicals, Communications, Electronic, Financial services, Food processing and Publishing among other industries locally, to ascertain the true state of the marketing intelligence activities among Kenya,s businesses.

APPENDICES

Appendix 1. LIST OF SUPERMARKETS (POPULATION OF STUDY)

1.	Uchumi	59.	Tirana
2.	Nakumatt	60.	Harry's
3.	Westlands	61.	Choices
4.	Jack and Jill	62.	Sainsbury
5.	Safeways	63.	Safeways
6.	Jamia	64.	Furaha
7.	Muthaiga	65.	Shoppers Paradise
8.	Santoshi	66.	Kamindi
9.	Buruburu	67.	Susu
10.	Rikana	68.	Tinara
11.	Stellar	69.	Joss
12.	Peponi Grocers	70.	Umoja
13.	Vumira	71.	Ridge Way's
14.	Greenfield	72.	Supra
15.	Gigiri	73.	Nafrom
16.	Star	74.	Jeska
17.	Woolworths	75.	A / Paru
18.	Makro	76.	Marta
19.	Tristar	77.	Angela's
20.	Umoja Mini	78.	Better Price
21.	Westlands General stores	79.	BroadWay
22.	Crosby	80.	Evergreen
23.	Spring Valley	81.	Keinani
24.	Super Value	82.	Frankaal
25.	Spicy spicers	83.	Bashir
26.	Karen	84.	Toyo
27.	Cleansway	85.	Furaha
28.	Continental	86.	Tip Top
29.	Tusker Mattresses	87.	Wab
30.	Chandarana	88.	Henenetta's
31.	Ongata Rongai	89.	Camesh
32.	Ukwala	90.	Eremo
33.	Sheela	91.	Ahmed Karim
34.	Hurlingham Grocers	92.	Ruhle
35.	Sunbeam	93.	Karanja's
36.	Ebrahims	94.	Suriha
37.	Caledunian	95.	Pricerite
38.	Sippy's	96.	Kens
39.	Versani	97.	His and Hers
40.	Mesora	98.	Sai
41.	Furaha	99.	African grocers
42.	Save More	100.	New Westlands Store
43.	Shaflus	101.	Ladywood Farm Store
44.	Mumsies	102.	Aladin Lalji and Sons
45.	A and D	103.	K and A
46.	Quick Pick	104.	Ushirika
47.	Vijiko	105.	Gulabchand
48.	Susy	106.	Goodfare stores
49.	Feine Fayre	107.	Ronny's
50.	Corner	108.	Green spot
51.	Acacia	109.	Poravim
52.	Select 'n'	110.	Rose Jam
53.	Budget Supermarket	111.	Pop - in
54.	South C	112.	Tesco self service store
55.	Tesco supermarket	113.	Tricor
56.	Barns	114.	Deroy's Discount
57.	Fairprice	115.	Kenton
58.	Joja Kis	116.	Chemusian

117. Fairose
118. Fontana
119. Mumbi
120. P and Shah
121. Baobao Mini
122. Sikedo grocers
123. Pangani
124. Alliance
125. Fair deal
126. Wholesale
127. Juja road
128. George
129. Sunrise
130. Muthaiga mini
131. Supervalue
132. African grocers
133. Karen provision stores
134. Chakims
135. Ngara road self service store
136. Fairline
137. Leadsway
138. Schilada
139. Geenfield
140. Sucess

APPENDIX 2 SAMPLE LETTER TO THE RESPONDENT

Lagat Kipkorir Nixon
C\O MBA Office, LKC
University of Nairobi
P.o Box 30197
NAIROBI

Dear Sir \ Madam,

I am a postgraduate student in the Faculty of Commerce University of Nairobi. In partial fulfillment of the requirement for The Degree Master in Business and Administration (MBA), I am conducting a Survey on : ``The State of Marketing Intelligence Activities in Kenya's Retailing Sector''.

Your supermarket has been selected to participate in the study. We hereby request for your brief audience, as we are gathering some relevant information on this practice.

The information sought is strictly for academic purposes and your response will be treated in strict confidence. In no instance will your supermarket or name appear in the report. We pledge to follow up any challenging issue of interest to your business and to us, which may arise from the interview and pertains to marketing intelligence activities. Appropriate recommendation will be offered. A copy of the research report will be made available upon request.

Thanking you in advance,

Yours Respectfully

Mr. Lagat K.N. MBA Student

Prof. Buss J. K. Supervisor

Signed:.....

.....

Date:.....

.....

APPENDIX 3.1

QUESTIONNAIRE

PART A

1. Supermarket Name \ Code :.....
2. Location in Nairobi :.....
3. Year of Establishment :.....
4. Size at Establishment in Terms of ;
 - Trading Space, all branches (sq. feet) :.....
 - Number of Employees :.....
 - Number of Branches :.....
 - Number of check-outs :.....
5. Size Today in terms of ;
 - Trading Space, all branches (sq. feet) :.....
 - Number of Employees :.....
 - Number of Branches :.....
 - Number of check-outs :.....
6. Management \ Ownership ;
 - Wholly Foreign : ()
 - Wholly Local : ()
 - Joint Ownership (Local and Foreign) : ()
7. Please give approximate figures for your Sales Turn Over for the last five years (Ksh.) ;

1990.....	1993.....
1991.....	1994.....
1992	

PART B

1.(i) Title of the Respondent :.....

(ii) Do you have a Marketing Department ?

Yes () No ()

(iii) Who performs the marketing activities such as product pricing, promotion, place and probe in your supermarket ?

(please give the official

title).....

(iv) How long have you been in this position ?.....

2. MARKETING OBJECTIVES

(i) Do you have set company objectives ? Yes () No ()

(ii) Do you have set marketing objectives for your supermarket ?

Yes () No ()

(iii) If yes for (ii) above what are they ?

(Rank them in order from the most to the least important)

.....
.....
.....
.....

(iv) At what supermarket level are these objectives set ?

Board () Supervisory () Management ()

(v) Are set objectives in Written form ? Yes () No ()

3.MARKETING PLANS

(i) What type of marketing plans do you have ?

Budgets () Annual () 3 years () Longterm ()

(ii) How are these plans developed ?

Formally () Informally ()

(iii) Who participates in the development of these plans ?

Directors () Everyone ()

Directors and Marketing executives ()

(iv) Are these plans written once developed ? Yes () No ()

v) Are plans used once developed ? Yes () Dont't know () No ()

4. MARKETING INTELLIGENCE ACTIVITIES

(A) Decision Making

(i) The following are the major retailers marketing decisions. Rank them in order of importance attached when planning and implementing plans, starting with 1 for the most and ending with 5 for the least important.

Target Market () Product Assortment and Service ()

Price () Promotion () Place ().

(ii) Do you use the following market intelligence in making these decisions ?

Tick Yes if used, No if not and Yes and No if used only when easily available.

Yes No opinion Don't know No

Descriptive (daily operations and decisions)

- Consumers	()	()	()	()
- Products	()	()	()	()
- Markets	()	()	()	()

Speculative (Planning and Long term issues)

- Sales Forecasts	()	()	()	()
- Cost Forecasts	()	()	()	()
- Competitor likely future actions	()	()	()	()
- Assessment of market potential	()	()	()	()

Aggressive (Basis for change of strategy)

- Market experiments for new products	()	()	()	()
- Competitor research activities	()	()	()	()
- Launching of new services	()	()	()	()
- Mergers	()	()	()	()

- Acquisitions () () () ()

Defensive (Secure position from competitive threats)

Assessment of competitors

- Products / Services () () () ()
 - Prices and Discount policies () () () ()
 - Distribution methods () () () ()
 - Promotional Strategies () () () ()
 - Probe () () () ()
 - People () () () ()
 - Policies and procedures () () () ()
 - Physical evidence () () () ()

(iii) What other marketing intelligence would you like to get that you are not presently receiving ? Daily.....
 Weekly.....
 Monthly.....
 Yearly.....

(B) Setting up the System

(i) Indicate the extent to which the intelligence on the following areas are considered when running your marketing activities. Ranking is as follows,

1. Very Unimportant 2. Unimportant 3. Neither important nor unimportant
 4. Important 5. Very Important

	1	2	3	4	5
Political-Legal	()	()	()	()	()
Economic Trends	()	()	()	()	()
Competitive Trends	()	()	()	()	()
Market trends	()	()	()	()	()
Technological Trends	()	()	()	()	()
Socio-Cultural Trends	()	()	()	()	()
Population Trends	()	()	()	()	()

(ii) Indicate the extent to which the following sources of information are considered when collecting intelligence on various aspects of your marketing environment ? [Ranking as in (i)]

	1	2	3	4	5
Print Media	()	()	()	()	()
Electronic Media	()	()	()	()	()
Public Documents	()	()	()	()	()
Observing	()	()	()	()	()
Analyzing Physical Evidence	()	()	()	()	()
Competitors Customers	()	()	()	()	()
Recruits	()	()	()	()	()
Competitors Employees	()	()	()	()	()
Personal Contacts	()	()	()	()	()
All Organization Employees	()	()	()	()	()
Other(s) Specify					

(iii) Who is in charge of collecting Marketing Intelligence from the marketing environment ?

- An individual () A group within a department ()
 A full department devoted to MIS () All organization employees ()
 Others (specify).....

(iv) Do you anticipate marketing executives intelligence needs rather than reacting to ''ad hoc'' requests for intelligence ?

- Yes () No opinion () Don't know () No ()

(v) Do you use computer data bases for marketing intelligence activities ?

- Yes () No () Explain.....

(vi) Give an approximate amount (Ksh.) you believe is spent on marketing intelligence activities. Ksh.per.....

(vii) What do you find as the major hindrance(s) to the setting up of effective and efficient marketing intelligence activities ?.....

(C) Analysis and Dissemination

- (i) Who analyses the marketing intelligence gathered ?.....
- (ii) What data analysis programs (if any) are used ?.....
.....
- (iii) How do you deliver the intelligence gathered by the Marketing Intelligence Activities to the overall organization ? Through :
Newsletters () Electronic Mail () Meetings [Formal () Informal ()]
Displays [Demonstration Rooms () Bulletin Board ()]
Other(s).....
- (iv) How do you deliver the intelligence gathered by MIA to key decision makers ? Through : Reports () Meetings [Informal () Formal ()]
Newsarticles () Competitor Reference Books () Clippings ()
Other(s).....
- (v) How do you handle marketing executives request for non-routine intelligence?

(D) Responding to Marketing Intelligence

- (i) How would you describe your marketing environment ?
Stable () Fairly Turbulent ()
Fairly stable () Turbulent ()
- (ii) Do you use marketing intelligence in estimating ;
time scale of environment change Yes () No opinion () Don't know () No ()
the extent of change () () () ()
what has caused the change () () () ()
How it will affect your business () () () ()
- (iii) Do you use marketing intelligence when reacting to marketing environmental changes ? Yes () No opinion () Don't know () No ()
Explain.....
.....
- (iv) Do you continuously review the set marketing objectives and plans, when intelligence reports indicate so ? Yes ()----> (v) No ()----> (E)

(v) How often do you review the set objectives ? (Response not Limited)

Daily () Weekly () Monthly ()
Quarterly () Semi - Annually () Annually ()

(vi) How often do you review the set plans ? (Response not Limited)

Daily () Weekly () Monthly ()
Quarterly () Semi-annually () Annually ()

(E) Overall Marketing Intelligence System Performance

(i) Please rate the overall performance level of your marketing intelligence system in providing useful intelligence to decision maker's, in terms :

	Performance				
	Very Poor			Excellent	
	1	2	3	4	5
Content	()	()	()	()	()
Timing	()	()	()	()	()
Range / scope	()	()	()	()	()
Format	()	()	()	()	()

(ii) What improvements would the marketing decision makers like to see made in the current marketing intelligence system ?

.....
.....
.....

THANK YOU FOR YOUR ASSISTANCE, WE SHALL ALWAYS REMAIN INDEBTED TO YOU.

APPENDIX 4

OPERATIONAL DEFINITIONS

1. **Formality** : By this, we mean deliberateness in an activity. Such deliberateness is indicated by spending time on the activities, designating responsibilities for the activity, existence in writing of the activity and communication of the activity to others.
2. **Stable Environment** : An environment with minimal changes
3. **Turbulent Environment** : An environment with several changes, which are frequent in nature.
4. **Supermarket** : An enterprise meeting the following criteria ;
 - Sells both food and Non-food items under the same roof and
 - Employs self service retailing.
5. **Marketing Intelligence Activities** : By this, we mean continuous efforts by business executives to keep informed about current developments in the marketing environment. These efforts center on ;
 - Assessing executives Marketing Intelligence Needs
 - Gathering the Marketing Intelligence
 - Analysing the Marketing Intelligence and
 - Delivering the Marketing Intelligence to Marketing executives or Marketing decision makers.
 - Feedback (response to market signals).

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