

**THE PERCEPTION OF SUPERMARKETS IN NAIROBI ON THE USE OF
E-MARKETING**

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BY
ENOCK M. SAILEWU

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS
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DECLARATION

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

Signed .....
SAILEWU, E.M

Date 28.07.2001.....

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

Signed .....
DR. MARTIN OGUTU

Date 30/10/2001.....

Senior Lecturer, Department of Business Administration

DEDICATION

To all those who believe in the future.

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ABSTRACT

This study was conducted with the objective of determining the awareness of e-marketing by the supermarkets in Nairobi. The study also set to determine the perception of supermarkets in Nairobi on the use of e-marketing as a marketing tool. To achieve the above objectives, primary data was collected from fifty supermarkets in the city. The supermarkets were selected from among the small, medium, and large size supermarkets. The researcher adopted the list of supermarkets and the categories (i.e small, medium and large) from an earlier study that was conducted in the year 2000.

Analysis of the data indicated that most supermarkets irrespective of their sizes were aware of e-marketing. Though most of them have heard of e-marketing and they understand that it involves the use of the Internet, they are yet to fully understand the concept of e-marketing. The results also showed that most supermarkets in Nairobi perceive e-marketing positively.

The findings from the analysis led to following conclusions:

- Most supermarkets view or understand e-marketing in a very narrow sense, that is, it involves selling and advertising on the Internet.
- Supermarkets perceive e-marketing as being insecure, complex and costly. This perception needs to be corrected.
- Most supermarkets have not formed a strong and concrete perception about e-marketing. The possible conclusion is that the technology is still new in Kenya and supermarkets need to be educated further about this new marketing tool.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Marketing process consists of an exchange between the customer and an organization. The activities of marketing are wide in range and they include branding, pricing, distribution, promotion and market positioning. Generally, the three main groups of marketing strategies are: market segmentation, marketing mix and growth strategies.

Though all these activities and strategies are still taking place off-line today, the adoption of e-marketing is changing the traditional ways of marketing goods and services by companies. The use of information technology (IT) tools including the Internet is currently viewed as desirable global change towards reducing the commerce transaction chain Gates (1999).

Marketing online is most commonly carried out over the Internet. The Internet is vast network that connects computers in all parts of the world using special-purpose cables, ordinary telephone lines, radio connections, or satellites, Senjen (1996). It consists of a set of protocols (the language of computing) that allow any computer to "talk" to any other computer around the world. These protocols were created in 1972 at the Internet Communication Conference, and the communications protocols that allows the computers to communicate is referred to as TCP/IP (Transfer control protocol/Internet protocol), (WTOBC, 1999).

For purposes of the study, the Internet (which enables e-marketing) is considered as an additional dimension that supports and is supported by all the traditional marketing activities.

There is no universal accepted definition of the term 'supermarket' but it is generally used to describe 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 comprise of all food groups, including fresh meat; fresh fruit and vegetables plus basic household requirements such as soaps and cleaning materials, Pickering (1966). Gillespie et al (1977) note that the term "supermarket" defies precise definition because of the popular trend to mix food and non-food products. Today's supermarkets are a combination of food and variety stores. With this in mind, some analysts have described supermarkets as " a departmentalized retail store having annual sales of U.S \$1 million or more in variety of merchandise and in which the sale of food, much of which is on self-service basis, plays a major role".

The fast growths of the Internet and the accompanying shift in user demographics have created an exciting new marketing channel that can help businesses increase their revenues dramatically. It is worth noting that even the most successful chains of supermarkets in Kenya are not taking as much advantage of the facilities of the Internet as they might. The benefits include: The supermarkets can use the Internet to present themselves to the customers, Customers can test and experiment the product/service on the Net, can be a tool for differentiation, low average cost of attracting new customers. Other benefits include forging closer ties and relationships with customers, improve R&D, faster speed to market, competitive advantage,

improve customer service, and improve understanding of customer needs, Crowin (1995). Clearly, this brand of technology offers much more than conventional marketing could hope to achieve.

1.2 STATEMENT OF THE PROBLEM

Electronic Marketing is changing the traditional ways of marketing. Marketing online promises much smaller overheads and potential market penetration, Milhem (2000). The potential benefits of using the Internet to market products and services are real. According to Nielsen Media research study conducted in the year 2000, of the 27 million North Americans who search the web for product and service information, approximately 20 million made purchase during 1998.

A number of researches on e-marketing have been done in the developed countries. Boston Consulting Group (BCG) in the year 2000 published a study, the latest in a series of quarterly surveys conducted to track e-commerce companies. The findings were based on 94 online retailers. Survey respondents said they spent an average of 64% of their marketing budgets on online media campaigns like targeted e-mail advertisements during the third quarter up from 59 percent. The findings also indicate the average cost of attracting each new customer dropped from \$40 in the second quarter to \$20 in the latest three month period in the year 2000 due to efficient spending on marketing. Again according to a marketing research firm, Greenfield Online Inc., people interviewed online tend to be more open than those polled over the phone or in person. From the studies, e-marketing has gained importance not only in the retail business but also in other sectors.

In the Kenyan context a few studies have been carried out on supermarkets. Karemu (1993) when studying the state of management practice in retailing sector touched on the aspects of IT. Also Lagat (1995), from his study of the state of marketing intelligence activities in Kenya's retailing sector, it is clear that no supermarket was using even the simplest form of e-marketing like e-mailing to get feedback from its customers. And Ngatia (2000) tried to bridge the gap between perceptions of service providers (supermarket) and customers on understanding of service quality. The study did not capture the service quality dimension offered by e-marketing. It should be noted that e-marketing has great potential of offering quality service in terms of serving customers quickly, efficiently and conveniently, Janice (2000), while the retailer benefits as online marketing promises low average cost of attracting new customers, a tool for differentiation, also a tool for market penetration and market development among others.

From the foregoing, it is evident that no study has been conducted in Kenya on the use of e-marketing. Besides one cannot generalize the findings from the developed countries due to environmental differences including technology, economic circumstances and more specifically on the perception of e-marketing. The study is therefore in response.

1.3 OBJECTIVES OF THE STUDY

1. To determine awareness of e-marketing by supermarkets in Nairobi
2. To determine perception of supermarkets on the use of e-marketing as a marketing tool.

1.4 IMPORTANCE OF THE STUDY

The findings of this study would be of interest and value to the following user groups:

- 1) Marketing consultants would benefit because they would understand their clientele and its requirements.
- 2) The study could prove valuable to the academia, as it would serve as background material for further research in this area. It will contribute in knowledge of e-marketing.
- 3) All organization face challenges in adopting new technologies and practices. Therefore, before embarking on online marketing the organization can benefit from the insights of this study.

1.5 OVERVIEW OF THE STUDY

This project has five chapters as follows:

Chapter one: This is the introductory chapter. It provides the background of the study, statement of the problem, objectives, importance and scope of the study.

Chapter two: This chapter is devoted to a review of literature relevant to the study. The literature pertains to the supermarkets, perception and the concept of e-marketing.

Chapter three: The chapter covers the research methodology. The population of the study, data collection methods as well as methods of analyzing data are discussed in this chapter.

Chapter four: This chapter deals with the data analysis where research findings are presented.

Chapter five: The chapter gives a summary discussion and conclusions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on supermarkets, perception and e-marketing. Most literature available on e-marketing is mainly researches that have been done in the Western countries, particularly in the United States and Britain. Some of the literature reviewed for purposes of this study was drawn from the Internet. Kenyan component is drawn from a few books, the regional and national news publications, and studies on IT and supermarkets that have been conducted by MBA students of the University of Nairobi.

2.2 General and Historical perspectives of supermarkets

Definition of supermarkets

There exist a number of definitions for the supermarkets and most of them revolve around the characteristics. Indeed according to Ngatia (2000), there is no precise definition of what a supermarket is. This conclusion by Ngatia and many others can be attributed to the existence of the several supermarket definitions. Kibera and Waruinge (1997), define a supermarket as a large retailing institution with several departments and operating primarily on a self-service basis.

Pickering (1966), defines a supermarket as a store with at 2,000 square feet sales area, with three or more checkouts and operated mainly on a self-service basis, whose range of merchandise comprises of food groups, basic household requirements and cleaning material.

According to Barker et al, (1956), supermarkets are basically grocery stores but usually have departments selling non-food items, and at least the grocery department is operated on a self-service basis.

Further definitions are given in terms of sales revenues. The minimum sales necessary for a supermarket ranges between an arbitrary \$375,000 and \$1 million per annum, as specified by the Supermarket Institute (a USA trade association) and “The Progressive Grocer” (a USA grocery publication).

History of supermarkets

The emergence of the supermarkets can be traced to the late 1920's. The supermarkets developed as an antithesis of the small independent outlets, which tended to specialize in meat, produce, or dry groceries, Ngatia (2000).

The growth of supermarkets according to Kotler and Armstrong (1997), can be attributed to the following factors:

- The economic depression of 1930's, which made consumers more price-conscious.
- Advertising which increased brand pre-selling, which reduced the need for sales clerks.
- One stop shopping of grocery, meat and household goods in a single location luring customers from greater distance, giving the supermarkets a chance to generate more sales to offset their lower margins.

Supermarkets have of late been facing stiff competition from other types of retailers such as food stores, discount stores and superstores, Ngatia (2000). This has forced

supermarkets to adopt proactive measures such as beauty aids, prescription, durable goods such as home appliances, sporting goods, clothing, among others, in order to increase their profits. According to Mason and Mayer (1981), supermarkets are also providing larger parking space, longer opening hours as well as increased their promotional budgets, (for example Uchumi, Nakumatt, Lucky star supermarkets) and moving to private brands to improve their services and facilities to attract more customers.

Advantage of supermarkets

According to Ngatia (2000), supermarkets usually have advantage over the other traditional retailers for the following reasons:

- They buy in bulk, enjoy economies of scale, and extend discount to customers.
- Employ large trading space and so can stock more items.
- Run on self-service, which helps to attract more customers.
- Avail convenience to customers who can almost buy everything needed 'under one roof'.
- They also accept credit cards and offer convenient shopping hours, which usually extend to the night. Many supermarkets in Nairobi close from between 7.30 p.m and 8.30 p.m.

Supermarkets in Kenya

The history of supermarkets in Kenya dates back to 1960s, according to Ngatia (2000) and Kipkorir (1995). The first supermarkets to be established in Kenya were the Westlands General Stores (1960), K&A (1962), Ebrahims (1970), and Uchumi (1975). These supermarkets started as self- service stores, covering small trading

areas. With time they increased their volume and assortment of merchandise as well as trading space to become supermarkets, Kipkorir (1995).

According to Ngatia (2000), liberalization in early 1990s has seen a momentous growth of supermarkets in Kenya and especially in Nairobi and other major towns. Most of these supermarkets are owned by Kenyans of Asians origin, and run as family businesses, Karemu (1993). The growth has also seen large supermarkets coming up which are owned by Africans. Examples include; Fairlane supermarket, Magic Superstores, among others which are owned by Africans unlike the situation in 1980s where Asians of Kenyan origin owned most supermarkets, Ngatia (2000).

Further, it is argued that 70 percent of all supermarkets in Nairobi were established after 1980 and that 74 percent of all supermarkets in Kenya are located in Nairobi. The increase and concentration can be explained by the population growth in the city and the changing lifestyles of the residents.

2.3 PERCEPTION

Definition

Our perception of the world serves as the basis for our actions. According to Anold and Feldman (1995), perception has to do with the way in which we receive messages and interpret information. Organization members are constantly being bombarded with information, requests, demands, suggestions, and so on. And to Anold and Feldman, what people do depends to a large extent upon which of these many perceptual inputs they pay attention to, as well as how the inputs and messages are interpreted and understood. Also according to Fred Luthans (1998), perception is a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different from reality.

Factors influencing perception

Characteristics of the entity (object)

Naturally we would hope and expect that the primary determinant of a person's perception of any entity would be actual characteristics of the entity itself. This should apply not only to physical objects but also to our perceptions of people and more abstract entities like jobs, organizations and technology. For Anold and Feldman as the object of perception becomes more abstract, there are fewer actual physical characteristics to influence our perceptions of the object. Thus, as objects become more ambiguous, our perceptions of those objects become more subject to influence by other personal and situational factors. For example peoples' perceptions of a physical object such as an office building will be much more similar than will the same peoples' perceptions of a more abstract entity such as strategy of their organization.

Stereotyping to them is a common form of perceptual distortion that arises, as a result of similarity of an object previously perceived by the person. Stereotyping occurs when a person decides (usually unconsciously) that all objects of a certain type share certain characteristics. Stereotyping can occur regarding physical objects, people, or abstractions. For example, a person may develop a stereotype regarding all canned foods made by a certain manufacturer (like all canned foods are poorly made). Finally stereotyping can occur in perceptions like technology and organization (like all new technologies are dangerous or costly).

Stereotyping is dangerous because it results in perceptions being influenced not by the actual characteristics of a particular object or group of objects. It is almost certainly

that there are some poor technologies and innovations in existence. However it is equally certain that there are many well-developed technologies and desirable innovations in existence.

Characteristics of the person

Anold and Feldman (1995) argue that there are a variety of personal characteristics that influence our perceptions, and that the more ambiguous the objects of our perceptions are, the greater is the influence of these personal factors on our perceptions.

- Attitudes

Our attitudes have a powerful influence upon what we pay attention to, what we remember, and how we interpret information; e.g. peoples' perceptions to technological innovations are strongly influenced by their attitudes toward the technology. A person with a positive attitude toward technological developments will tend to perceive and remember the positive accomplishments of technology (e.g. making life easier and increased efficiency). A person with negative attitude toward technology will be much more likely to perceive and remember the negative events that have occurred (e.g. fatal accidents and the high cost)

- Emotions

A person's emotional state strongly influences the perceptual process. When people are highly agitated, frustrated or angry, their perceptual processes become impaired. People actually don't hear or see things at times because their emotional state may be causing them to ignore any inputs that they are receiving.

- Experience

A person's experiences with objects of similar type or under similar circumstances can influence perception. e.g. if a person has had many unhappy experiences in performance appraisal meetings with his/her previous bosses, those experiences will influence how that person will perceive his/her first appraisal interviews with a new boss.

- Needs

People's needs influence their perception e.g. people who are hungry tend to see images of food in even the most ambiguous stimuli. A person with a strong need for security will focus his/her perceptions more strongly on the stability of the organization when offered a new job than will a person whose strongest need is for a variety and challenge.

Characteristics of the situation

According to Anold and Feldman (1994), various situational factors can influence the nature and accuracy of a person's perceptions.

- Stress

Information is often either distorted or ignored when a person is under high level of stress. The existence of stress impedes the person's capacity to process and perceive information that he/she may be receiving. Sufficient stress to impede accurate perception may result from deadlines, time pressures, crises and the like.

- Timing

A person may have become accustomed to receiving certain kinds of information at certain times or under certain circumstances. If information is then received at another time or under other circumstances, it may be ignored e.g. if a regular report arrives at a time other than when it was expected.

Our perceptions are obviously influenced by many factors. When perceptions are distorted or inaccurate, people may end up displaying certain behaviours. This project seeks to find out the perceptions (positive or negative perception) of supermarkets concerning E-marketing as a marketing tool.

2.4 E-MARKETING

According to Bickerton (1998), E-marketing is basically the activities of traditional marketing done on the Internet. The main divisions of traditional marketing include market segmentation; marketing mix; and growth strategies. Further Bickerton in the book *Cyber Marketing* demonstrate how the traditional methods of doing market and marketing research, advertising, segmentation and selling are changing dramatically because of the use of IT (i.e Information technology)

It is important to note that in this information era the equivalent of new roads and modes of transportation now are the fibre-optic telecommunications infrastructural systems, together with satellites and cellular transmission system, Woheren (1993). All these IT developments, he says, work to prepare an enabling environment for E-marketing.

E-marketing enables consumers to access a wide variety of goods and services. From a selling perspective, selling online bears no transaction expense. In traditional marketing, a paid telephone operator, who may be error prone, is responsible for processing customer orders and maintaining the firm's sales database. With adoption of E-marketing, customers engage in self-order entry at their own expense in way of on-line time, printing and diskettes/CD's for downloading files, etc. Bickerton (1998). E-marketing comes with the advent of E-commerce, which dates back to mid and late 1980's. E-commerce is a branch of the wider Internet technology, Jeffrey (2000)

2.41 The Internet

The Internet is a global infrastructure of computers connected through a way of communications: satellites; telecomm; cable. The Internet is a communication medium where millions of people can access information they are interested in.

The users of Internet can be classified into two: Business users and home users, Bickerton (1998). Within the business users segment, one can segment by job function and for home users segmentation is by interest. For him, traditional techniques of marketing and concepts still apply, and that the traditional marketing models are essential in the utilization of this new medium to its full.

According to Cronin (1995), E-marketing if managed strategically offers much more than a global lifeline to the future. She says it can become the key ingredient to leadership in the age of connectivity.

The easiest way to trade through the Internet is by the use of the World Wide Web (WWW or simply the web). WWW is a system not separate from the Internet. Instead, the WWW operates as a doorway to the Internet, Mbuvi (2000).

2.42 How E-marketing works

Managed strategically, the E-marketing offers much more than just a global lifeline to the future. It can become the key ingredient to leadership in the age of connectivity, Cronin (1995).

(a) Sizing up competition

Competition is probably the most dynamic of all the environmental factors. In a free economy, as new organizations enter others exit, therefore causing unpredictability in the market. Careful monitoring and evaluation of the competition enables marketing management to make informed decisions, Bickerton (1998).

An organization needs to be pro-active in identifying and exploiting opportunities by anticipating competitive strategies. A pro-active approach requires an organization to place considerable effort and emphasis on conducting a competitive audit. Marketers can use the Internet to conduct a competitive audit of many organizations without even needing to leave their offices.

An effective competitive audit would indicate the marketing strategies pursued by the competitors; how they are likely to change their strategies in future; their market share; and their strength and weaknesses.

(b) To provide a medium to investigate and gauge customers' reactions.

Many companies use the Internet to test market products and services. This is not only cost-effective but also low risk. 'Virtual' product can be created on the Internet and changes could be easily effected as per customers' reactions.

(c) Assessing the physical environment

The physical environment is made up of geography, location, climate, seasonality and accessibility of the market. Marketers can use the Internet for the provision of:

- Meteorological references
- Climatically forecasts
- Geographical references

(d) Marketing research

According to Judith (2000), marketing research is used to provide constant feedback from the market so that management can formulate effective strategies and change their short-term tactics, if needed to counter the effects of competitive actions.

The Internet will become the market medium of the future. As marketing research is gathering information from many different sources, the Internet will become a very powerful medium for companies to scan published data from around the world and also gain feedback directly and instantaneously from the target group of customers. This will enable marketers to understand their customer easier and move effectively than ever before, Gronier (2000). Royal and Weld say that even the e-mail complaints are being turned into a useful market research.

- Group discussions on-line can be done through CHAT on the Internet. The advantage is that it is practically free but disadvantage is that you cannot select your respondents and this can give biased results.
- E-mail questionnaires are the most cost-effective way to collect data. Members of a specific news group or forum are requested to fill it in.
- Experiments on the Internet, according to Bickerton, you can actually change the way that a page is displayed according to the target audience one is appealing to. This would allow marketers to experiment with the best message to use across different cultures, countries and audiences.

(e) Marketing information system

The Internet is basically a communication tool. It can be used effectively to communicate both with the internal customers and external customers. Internal customers are the employees, suppliers and the shareholders. The Internet server can be partitioned (and made secure for internal use) to provide an effective tool for creating a marketing information system. Here the information from internal sources can be collected, stored and displayed in an easy to use manner. Also information from external sources can be collected and compared. In this way a dynamic SWOT analysis can be created and maintained for the organization. Royal and Weld (2000), online messages combined with similar data from the sales force, call centres, and other parts of the company as well as public records enables preparation of a detailed customer profile.

(f) Segmentation

Segmentation is the breaking down of supposedly uniform markets into the sub-groupings by reference to the different needs and characteristics of the customer Kotler (1994).

For consumer marketing, the Internet may offer a great observational starting point. A company selling photographic equipment, discussion can be conducted in a photographer' forum about what people look for when they are about to buy a new piece of equipment. A company may be able to elicit a response about how they liked the product/ service. But what the organization is really interested in here is what defines its customers as distinct from competitors, Bickerton (1998)

Royal and Weld (2000), claim the Internet culture is open, honest and caring to the most part. Generally, people offer advice, opinions and reactions freely. They argue the motivation is often egotistical (people like to be asked for advice). Therefore it is in these forums and newsgroups that target sectors/segments can be identified.

Further, in segmentation marketers need to investigate where the customers go when they use the Internet, which forums they subscribe to and what magazines they subscribe to online. All that is required is to follow their route around and listen to them, elicit some feedback in everything possible and use that feedback to increase your understanding of your target market. By getting close to the customers by way of forum a company has the opportunity to identify what products and services they are failing to be supplied with, in other words niche marketing, Bickerton (1998).

(g) The Marketing Mix

Every business organization whether manufacturing products, retailing or providing a service, has a marketing mix. The marketing mix consists of all the things the management can do and the decisions that are in their control. The many decisions can be grouped into four sets of variables, namely:

- Product - The goods and services that the firm offers its target markets.
- Price - The amount of money that is charged by the firm to its customers including decisions on discounts and allowances.
- Place - the distribution of the product/service to make it available to the customer
- Promotion - the communications that are needed to make customers aware and persuade them to buy goods and services.

The Internet affects all four in a unique and distinct way. It is also a major new promotional tool.

(i) Product

Branding still remains the most effective way to differentiate a product online. Consumers will always be attracted to a name that they know online.

Again product testing has been made easier by E-marketing's ability to extend the product online, style, quality and service online, Judith (2000). The Internet can offer one-stop shop to feasibility and can save a company huge amount of time and effort searching for information by conventional means, Gronier and Dennis (2000).

(ii) Pricing

The Internet has the potential to radically alter pricing systems. These are various new forces driving down pricing:

- Potential closer link between the manufacturer and the customer
- Ability for the customer to shop around internationally
- Reduced costs of distribution can be passed onto the customer
- Reduced sales costs can be passed onto the customer
- Global competition can be fierce
- Costs of entry into some markets are reduced, so smaller players with smaller cost bases can compete at reduced prices.

Although there are downward forces acting on prices, the Internet offer many opportunities to premium price. The Internet offers speed to market and therefore increased time to benefit from the benefits of premium pricing. There are also few products online at present so early entrants can typically choose their price.

(iii) Place

E-marketing has the potential to revolutionize an industry's established network of distribution channels. The ability for the Internet to create a direct link between the manufacturer and the customer poses a direct threat to distribution channel, Jeffrey (2000).

- Direct sales

Most affected by the E-marketing. In traditional marketing, direct sales is often the most costly to instigate and the hardest to maintain. Internet makes direct selling a

more viable option. Example: hotels offering online booking without having to use booking reservations agencies.

- Agents and Brokers

These are middlemen who do not take title to goods but facilitate distribution by bringing buyers and sellers together. The Internet directly threatens them as this conceptually could replace their importance in their supply chain.

The 'virtual' equivalence of these people are commercial on-line information providers offering translation services, insurance quotes etc. If they are innovative they will provide value to the end customer and the supplier, for whom they broke, print and buy from. If they cannot, the Internet may well replace their need in the supply chain altogether, Bickerton (1998).

- Retailers

The Internet threatens this distribution channel severely. If home shopping takes off, retailing will be revolutionized. In developed world retailers are the first companies to take advantage of the Internet. They see it both as a huge threat as well as great opportunity, Verton (2000). Certainly, retailers offering generic products that can be purchased without sampling are at most risk. In the US, Argos, Tesco, Sainsburys, are some of the first retailers to take advantage of the superhighway, Sabatini (2000).

- Wholesalers and bulk distribution

These are organizations that buy in bulk and sell to other businesses. Bickerton (1998), these organizations are threatened by the Internet because retailers and customers may well be able to go direct to the manufacturer, assuming that the manufacturer can afford to supply in small volumes. They are unlikely to benefit directly from on-line marketing except to find new products that attract new business to their services.

- Franchising

The Internet is not going to revolutionize existing franchising systems but it is going to affect the way that franchised products are promoted. But franchiser can use this new medium to add value and market brand name, attracting enquiries that can be fed out to respective franchisee.

Intermediaries perform several valuable functions for the company, including breaking bulk, providing storage space, facilitating buying by providing credit and by taking on the risk. This is where the Internet does not threaten wholesalers and retailers.

(iv) Promotion

E-marketing can be used as communication and promotional tool with the target markets. For online advertising, working in partnership with a provider, is the equivalent of having your own marketing agency, Royal and Weld (2000).

The company briefs the provider with its objectives and they create storyboards and design options for the company. They claim this is the most preferred route if the

company need a professional looking website and do not have the resources in-house to dedicate someone full-time on the project. A smart online marketing campaign can ensure that an organization's website delivers information to consumers quickly, efficiently and conveniently, according to Janice (2000).

Technology is emerging that allows online advertisement to be tailored to each individual visitor, a targeting capability that organizations can use to banner advertisements on site and attract personalized service. As a result, Royal and Weld (2000), say they can increase product awareness among prospective consumers through WWW.

2.43 Requirements for E-marketing

E-marketing as earlier mentioned promises smaller overheads and potential market penetration. While this may be true, effective adoption of E-marketing involves costs.

The requirements are as follows:

- Technical infrastructure of computers and network communications.
- Database management system and related software
- The digital database content
- Standard "off-the-shelf" software
- Project management
- Staff training and development

Some requirements for online marketing are complex and they require both national and international attention from governments, such include:

- Formulation of a legal framework recognizing online marketing

- Creating of a financial infrastructure for the facilitation of payment for goods and services through the use of credit cards.
- Telecommunication infrastructure and information technology (i.e. Bandwidth, accessibility, security, cost etc).
- Transportation and distribution network to facilitate delivery of goods to customers
- Accessible and reliable electric power
- Market access issues such as technical standards.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Population

The population of interest for this study comprised all the supermarkets in Nairobi. There was no comprehensive record of all supermarkets in Nairobi. As at last year (2000), there were 191 supermarkets in Nairobi according to Ngatia who studied perceptions of service quality in the retailing industry (a case of Nairobi supermarkets). His list of supermarkets was adopted with updating from Nairobi city council.

3.2 Sampling

3.2.1 The sample units

The population was further defined to aid in provision of sampling frame using sales volume per month. The supermarkets are subdivided as follows (Ngatia 2000). See list of supermarkets appendix III.

- The first 20 in the list were classified as large supermarkets
- The next 60 were classified as medium size supermarkets
- The last 111 were classified as small size supermarkets.

Given that there was no well laid down classification of supermarkets, the study adopted Ngatia's classification.

3.2.2 Sample size

The population was divided into three strata. Disproportionate sampling was used. From the list of 20 supermarkets classified as large, 10 of them were picked randomly, out of

the 60 categorized as medium size, a random sample of 20 were picked, and the last category of 111 supermarkets categorized as small size, a random sample of 20 was picked. The total sample of 50 supermarkets was considered representative of the population for the purpose of data analysis and generalization

Table 3.2.1 Population and sample size of the supermarkets

| Supermarket Size | Population Size (N) | Sample size (n) | Percentage |
|------------------|---------------------|-----------------|------------|
| Large | 20 | 10 | 50% |
| Medium | 60 | 20 | 32% |
| Small | 111 | 20 | 18% |
| Total | 191 | 50 | 100% |

Source: Research data

3.3 Data Collection

Data for this study was collected using a questionnaire that consisted of two main parts (see appendix 11).

Part A consisted of questions aimed at obtaining general information of the supermarkets. This part also aimed capturing the awareness and extent of awareness of e-marketing by the supermarkets. This was in line with the first objective, that is, *to determine awareness of e-marketing by supermarkets in Nairobi.*

Part B of the questionnaire consisted specific questions aimed at obtaining data for the second objective, that is, *the perception of supermarkets on the use e-marketing as a marketing tool.*

The part A of the questionnaire contained open-ended questions. For part B, the questionnaire was structured using an itemized scale (i.e Likert scale) whereby the

respondents were required to select one of the finite numbers of categories that were ordered in terms of their scale positions.

Drop and pick method was adopted and in some cases personal interviews were inevitable. The respondents were managing directors, senior marketing managers or their equivalents, and the researcher administered one questionnaire in every supermarket. Where necessary the researcher translated the questions to the respondents.

3.4 Data analysis

The study was modeled on description and therefore descriptive statistics were used. To analyze the awareness of e-marketing by the supermarkets, frequencies, modes, and percentages were used to show the responses that were most popular. The different aspects of e-marketing awareness' were tabulated with respect to the types of supermarkets (i.e small, medium, and large). This provided information on awareness and level of awareness of e-marketing by supermarkets studied.

In Part B, mean scores were used for comparison purposes. Likert scale was used to determine the extent of perception of supermarkets on the use of e-marketing. In particular, the perception of attributes of e-marketing was evaluated against the types of supermarkets (i.e small, medium, and large).

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter is divided into three main sections that are related to the two objectives of the study. The first section (i.e 4.2), analyses the general information about the supermarkets surveyed. The second section (i.e 4.3), presents data on the awareness of e-marketing by the supermarkets. The same section tries to gain the understanding of supermarkets concerning the attributes and benefits of e-marketing. The last section (i.e 4.4), presents findings on the perceptions of supermarkets on the use e-marketing.

4.2 ANALYSIS OF SUPERMARKETS

4.2 (a) Number of respondents

In this study, 50 supermarkets were surveyed. There were 191 supermarkets in Nairobi as at last year (2000), according to Ngatia who studied perceptions of service quality in retailing industry (a case of Nairobi supermarkets). The researcher picked 10 large supermarkets, 20 for both medium and small supermarkets, from the list of 191 supermarkets (see appendix III).

Table 4.2.1 In terms of respondents

| Supermarkets | Targeted respondents | Actual respondents | Percentage |
|--------------|----------------------|--------------------|------------|
| Small | 20 | 20 | 100% |
| Medium | 20 | 20 | 100% |
| Large | 10 | 10 | 100% |

Source: Research data

From the above table the response rate of all the categories of supermarkets was 100 percent.

4.2 (b) Ownership of supermarkets

Table 4.2.2 Distribution in terms of ownership

| Ownership | Number | Percentage |
|-----------|--------|------------|
| Foreign | 3 | 6% |
| Local | 43 | 86% |
| Joint | 4 | 8% |
| Total | 50 | 100% |

Source: Research data

The above table shows that, of the supermarkets that participated in the study 43 (86 percent) of the supermarkets studied were locally owned, while 3 (6 percent) and 4 (8 percent) were foreign and jointly owned respectively.

4.2 (c) Number of employees

Table 4.2.3 Distribution in terms of number of employees

| Employees | No. Supermarkets | Percentage |
|---------------|------------------|------------|
| Less than 50 | 41 | 82% |
| 50 – 100 | 4 | 8% |
| 100 – 250 | 2 | 4% |
| More than 250 | 3 | 6% |
| Total | 50 | 100% |

Source: Research data

In terms of employees, 41 out of the 50 supermarkets surveyed had less than 50 employees. Only 9 supermarkets had more than 50 employees. Specifically 3 supermarkets had more than 250 employees, 4 supermarkets had between 50 and 100 employees and 2 supermarkets had between 100 and 250 employees.

4.2 (d) Utilization of computers in the supermarkets

Regarding use of computers in supermarkets, 26 supermarkets (52 percent) had computers, while 24 supermarkets (48 percent) did not have computers. For the 26 supermarkets that had computers, 23 of them had less than 10 computers and 3 supermarkets had more than 25 computers.

Further, the computers in the supermarkets were mostly used for Check out cash registers, Office administration, and only 11 out of the 26 supermarkets that had computers utilized them for e-mail and Internet.

For the 11 supermarkets that utilized their computers for e-mail and Internet, only 2 supermarkets had their own Websites. It is worth noting that even the two supermarkets that had Websites, they were still at the basic stages of e-marketing. Indeed the Websites only acted as billboards for advertising and not yet fully interactive where customers could place their orders.

The supermarkets that use e-mail and the Internet but do not have Websites, they cite underdeveloped infrastructure (including telecommunications and roads), high cost, Internet culture not fully developed, and simply no need for Website, as their reasons for not having the Websites of their own.

4.3 (a) Awareness of e-marketing by supermarkets

The analysis in this section is in line with objective one, that is, *to determine the awareness of e-marketing by supermarkets in Nairobi.*

Table 4.3.1 Supermarkets' awareness of e-marketing

| Response | Small | | Medium | | Large | | Overall | |
|----------|------------------|---------|------------------|---------|------------------|---------|------------------|---------|
| | No. Supermarkets | Percent | No. Supermarkets | Percent | No. Supermarkets | Percent | No. Supermarkets | Percent |
| Yes | 12 | 60% | 12 | 60% | 9 | 90% | 33 | 66% |
| No | 8 | 40% | 8 | 40% | 1 | 10% | 17 | 34% |
| Total | 20 | 100% | 20 | 100% | 10 | 100% | 50 | 100% |

Source: Research data

The three categories of supermarkets,(that is, small, medium, and large) , majority were aware of online marketing (e-marketing). Table 4.3.1 shows the number and size of supermarkets that had heard of e-marketing. A significant proportion of the total supermarkets surveyed (i.e 66 percent) were aware of e-marketing. In particular, 12 out of 20 (or 60 percent) of both small and medium categories were aware, while 9 out of 10 (or 90 percent) of the large supermarkets were aware of e-marketing.

The question on how the supermarkets understand e-marketing, 60 percent of the supermarkets that had heard of it, generally defined e-marketing as “selling and advertising using the Internet”. Notice that the supermarkets perceive e-marketing in a very narrow sense. Indeed from the literature review, e-marketing is defined broadly as all the activities of marketing (beyond the 4Ps of marketing) conducted via the Internet.

4.3 (b).The benefits of e-marketing identified by supermarkets

Related to objective one, the study also sought to establish the understanding of the supermarkets on attributes and potential of e-marketing, as shown in the tables below.

Table 4.3.2. Benefits of e- marketing identified by the supermarkets.

| Benefit | Frequency | Percentage |
|-----------------------|-----------|------------|
| Cost cutting | 19 | 58% |
| Market share | 13 | 39% |
| Customer service | 9 | 27% |
| Management of stocks | 7 | 21% |
| Effective advertising | 6 | 18% |
| Competitive advantage | 6 | 18% |
| Research | 6 | 18% |

N = 33

Source: Research data

The N=33 represents the total number of supermarkets that were aware of e-marketing. In the order of importance, cost cutting was mentioned by 19 supermarkets, increasing market share (13 supermarkets), enhance customer service (9 supermarkets), management of stocks (7 supermarkets), effective advertising (6 supermarkets), competitive advantage (6 supermarkets), and research tool (6 supermarkets).

From the results it can be deduced that e-marketing is viewed narrowly. Indeed from the responses, only a few supermarkets listed the benefits as a combination arising from e-marketing

Table 4.3.3 Size of supermarket, Awareness, and Benefits of e-marketing.

| | SMALL | | MEDIUM | | LARGE | | OVERALL | |
|-----------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | frequency | percent | frequency | percent | frequency | percent | frequency | percent |
| Cost cutting | 7 | 58% | 7 | 58% | 5 | 56% | 19 | 58% |
| Market share | 3 | 25% | 6 | 50% | 4 | 44% | 13 | 39% |
| Customer service | 2 | 17% | 3 | 25% | 4 | 44% | 9 | 27% |
| Management of stocks | 3 | 25% | 1 | 8.3%17% | 3 | 33% | 7 | 21% |
| Effective advertising | 1 | 8.3% | 2 | 17% | 3 | 33% | 6 | 18% |
| Competitive advantage | 3 | 25% | 2 | 17% | 1 | 11% | 6 | 18% |
| Research | 2 | 17% | 2 | 17% | 2 | 22% | 6 | 18% |

Source – Research data.

A total of 33 supermarkets had heard of e-marketing. Out of the 33, twelve were small, another twelve were of medium size, and nine were large supermarkets (see table 4.3.1-Supermarkets' awareness of e-marketing). Table 4.3.3 shows the 33 supermarkets that were aware of e-marketing and benefits they identified. In particular, the findings give a breakdown of supermarkets in terms of their sizes and relate them to the benefits identified. Out of 12 small supermarkets that were aware of e-marketing 7 (i.e about 58 percent) identified *cost cutting* as a benefit. This was also the case for medium size supermarkets. The findings indicate that 5 out 9 large supermarkets (i.e about 56 percent) identified *cost cutting* as a benefit. The *market share* as a benefit was identified by 6 out 12 medium size supermarkets (i.e 50

percent), 4 out of 9 large supermarkets (i.e about 44 percent), and 3 out of 12 small size supermarkets that were aware of e-marketing (i.e 25 percent).

The benefits of e-marketing that seem to be little known by the supermarkets that had heard of e-marketing include: improve *customer service*, *management of stocks* *effective advertising*, gives a *competitive edge*, and a tool for *market research* as can be seen in table 4.3.3 above.

4.4 Analysis of perception

This section is in line with objective two of the study, that is, *to determine the perception of supermarkets in Nairobi on the use e-marketing.*

Summary statistics was used to analyze data in part B of the questionnaire in order to capture the perception of supermarkets on the use e-marketing. This part of the questionnaire had 19 variables. The sample of the questionnaire is attached in appendix 11. The perception of e-marketing was measured on the Likert Scale ranging from 5 = *Strongly agree*, to 1 = *Strongly disagree*. Strong positive scored 5, positive scored 4, neutral scored 3, negative scored 2, while strong negative scored 1. The average scores are illustrated in the tables below.

Table 4.4.1 General perception of e-marketing by supermarkets.

| Type of supermarket | SMALL | MEDIUM | LARGE |
|---------------------|-------|--------|-------|
| MEAN | 3.4 | 3.5 | 3.7 |

Source: Research data

Table 4.4.1 above shows the average scores for perception by each category. As the above table shows, all categories of the supermarkets perceived e-marketing positively.

Table 4.4.2 Supermarkets perception of e-marketing attributes.

| Item | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---------|------|-----|------|------|------|------|------|------|------|------|------|------|------|-----|------|-----|------|------|
| Overall | 4.8 | 4.2 | 3.88 | 2.34 | 3.48 | 3.2 | 3.18 | 2.22 | 4.2 | 3.98 | 3.98 | 3.18 | 3.98 | 3.8 | 2.58 | 3.6 | 3.92 | 4.08 |
| Small | 4.71 | 4.7 | 3.8 | 2.3 | 3.5 | 3.3 | 3.12 | 2.1 | 4.05 | 3.67 | 3.78 | 3.3 | 3.95 | 4.1 | 2.5 | 3.4 | 3.7 | 3.89 |
| Medium | 4.84 | 4.7 | 3.89 | 2.25 | 3.4 | 3.35 | 3.63 | 2.2 | 4.25 | 4.23 | 4.21 | 3.25 | 3.9 | 3.8 | 2.7 | 3.6 | 4.05 | 4.1 |
| Large | 4.9 | 2.2 | 3.8 | 2.6 | 3.7 | 3.2 | 2.4 | 2.6 | 4.4 | 4.1 | 3.9 | 3.2 | 4.1 | 3.2 | 2.5 | 4.0 | 4.1 | 4.2 |

Mean score: Ranked on a 5 point – Likert scale with 1 = strongly disagree and

5 = strongly agree

Source: Research data

The table 4.4.2 shows the overall mean score, and mean scores for the variables a of e-marketing against the size of the supermarkets (i.e small, medium and large). From the table, supermarkets generally are in agreement that e-marketing involves the use of the Internet in performing marketing activities including advertising and selling among others (mean 4.8). The supermarkets perceive e-marketing as the technology that requires heavy capital investment (mean 4.2).They also perceive e-marketing as a tool that can lead to efficiency (mean 4.2).

Other attributes of e-marketing perceived favourably by the supermarkets are, making of quick and accurate decisions (4.08), faster compilation of customer profiles (mean 3.94), improvement of service delivery (mean 3.98), tool for increasing market share (mean 3.98), making marketing easier (mean 3.98), responding to customer orders being faster using e-marketing (mean 3.92), increasing performance (mean 3.85),

activities become less manual by adoption of e-marketing (mean 3.80), and effecting orders can be instant using e-marketing (mean 3.6).

The results also indicated supermarkets do not perceive e-marketing as a tool that can open an organization to competition (mean 2.34), or a tool rife with inconsistent technology (mean 2.22), or adoption e-marketing reducing marketing to a routine activity (mean 2.58).

Further, the results indicated the supermarkets have not formed a concrete opinion whether e-marketing is an interesting tool to use (mean 3.48), or whether e-marketing is easy to understand and use or complex (mean 3.18).

The results by size of supermarkets do not indicate significant differences from the overall picture save for a few variables. In particular, the small and medium size supermarkets perceive e-marketing technology as that which requires heavy capital investment (mean 2.2). Differences in perception are also observed for variable 7. Both small and medium supermarkets perceive e-marketing as being complex (mean scores 3.12 and 3.63 respectively), while large supermarkets do not perceive e-marketing as being complex (mean 2.4).

The medium and large supermarkets perceive e-marketing as a tool that can improve service delivery (mean scores 4.23 and 4.1 respectively) compared to small supermarkets who mildly perceive e-marketing as a tool that can lead to better service delivery (mean 3.67). The small and medium supermarkets perceive activities as becoming less manual by adoption of e-marketing (mean scores 4.1 and 3.8

respectively). The large supermarkets are almost undecided about activities becoming less manual as a result of using e-marketing (mean 3.2).

The extent of perception does exist for the different sizes of supermarkets. While they all positively perceive e-marketing as a tool that can enable making and effecting orders instantly, large supermarkets affirm with a mean score of 4, compared to small and medium supermarkets who perceive e-marketing as a tool that can enable making and effecting orders instantly with mean scores of 3.4 and 3.6 respectively.

In general, there are no major disparities in perceptions of supermarkets regarding e-marketing irrespective of their sizes. Again all the supermarkets that had not heard of e-marketing were undecided about e-marketing.

CHAPTER FIVE

SUMMARY, DISCUSSIONS, AND CONCLUSION

5.1 Introduction

The Internet is not a new technological phenomenon as it has been around for over 30 years. What is truly new about Internet is e-commerce and specifically e-marketing, a digital phenomenon by which all activities of marketing can be performed electronically.

E-marketing has been associated with numerous benefits and it is not clear why supermarkets are not seen to bother about its use. Although various reasons could be speculated for the apparent lack of its use, it is possible that some of the reasons may be concerned with awareness and perceptions of the supermarkets as can be deduced from this study.

5.2 Summary, Discussions and Conclusions.

From the analysis it was apparent that most supermarkets surveyed were locally owned (86 percent). This concurs with other studies [Karemu (1993), Lagat (1995), Munyoki (1997) and Ngatia (2000)]. Although it was not captured by the responses, there was only one supermarket that is quoted in the Nairobi Stock Exchange.

The study established that 52 percent of the supermarkets surveyed had computers, and generally 22 percent of the supermarkets utilized their computers for e-mail and Internet. This means the use of Internet is still low among the supermarkets. Further, it was established from the findings that only 2 supermarkets in Nairobi had their own

Websites. Notice, for e-marketing to be fully operational supermarkets need to have their own Websites for customers to gain access to their databases for checks on product availability and delivery.

The findings also indicated there exist supermarkets that use e-mail and Internet but do not have Websites. While their claims about Internet culture being not fully developed and underdeveloped infrastructure (especially telecommunications) among other reasons stand, the other sectors especially the Real Estate, Tourism, and the Media (print media) have gone *Online* under the same conditions and they are doing business.

The study revealed that most supermarkets have heard about e-marketing. This is supported by table 4.2.4, which indicates 60 percent of both small and medium size supermarkets are aware of e-marketing, while 90 percent of the large supermarkets have heard about it.

On the understanding of e-marketing, the question generally elicited the same response. There was consensus that e-marketing involves selling and advertising on the Internet. The study established there was need for supermarkets to understand fully the concept of e-marketing since its potential is beyond the two aspects identified the supermarkets. Indeed supermarkets need to see e-marketing as an additional distribution channel.

The findings generally indicated that supermarkets perceive e-marketing positively. In particular most supermarkets responded in the affirmative that they perceive

e-marketing technology as requiring heavy capital investment. This perception needs to be corrected. The initial cost could be high but in the long run it is cheaper. For instance, from a marketing perspective selling online bears no transaction expense. In traditional commerce, a paid telephone operator (who may be error-prone), is responsible for processing customers' orders and maintaining the company's sales database. With adoption of e-marketing, customers engage in self-order entry at their own expense in way of online time, printing, and diskettes, CDs for down loading. For other organizations it reduces costs where enquiries are directed to the Website rather than sending brochures.

The study established the supermarkets do not perceive e-marketing as opening the organization to competition. Indeed once an organization goes online, customers, the general public and specifically the competitors can visit the website and obtain the information that they require. Competitors in particular would be interested in the stock levels, the price, the promotion, the kind of products and even the Web design for their strategy formulations. From oral conversations most supermarkets feel that even without websites, they can gain access to the competitors' pricing and product display strategies by posing like a shopper in the competitors premises. In fact some supermarkets understand that by going online, they are only shifting from physical shelf display to *Virtual* displays, where in the most advanced websites shoppers can try and test the products online.

From the study findings most supermarkets perceive e-marketing as insecure. Even from the literature, there is much hesitancy by companies to offer online ordering due to widespread belief that it is not secure enough at present. This hesitancy is a

reflection of users' hesitancy to give their credit-card details online. In the developed world, companies like *Visa*, *Access* and *Netscape*, are investing heavily to improve security. This negative perception and fear need not exist. Indeed it is safer to give credit card number over the Internet with a secure provider than to give it to a cashier or waiter in a restaurant or over the phone.

The most common approach around the issue of insecurity is to offer an account number or password over the phone in exchange for credit card details. The approach according to Pauline and Matthew Bickerton (2000), is to offer your customer a selection of ordering mechanisms, in this way they can decide the most appropriate for them.

Small and medium supermarkets in particular perceive e-marketing as being complex. This need not be the case since e-marketing is just an additional dimension which supports and is supported by all the traditional marketing activities. E-marketing use the Internet to integrate and reinforce all aspects of existing marketing strategy. Supermarkets need to perceive e-marketing as an additional marketing tool if home shopping is to become a reality in Kenya.

The results reported indicated that supermarkets in Nairobi have not yet formed a concrete perception about e-marketing. The possible conclusion is that the technology is still new in Kenya and there is need for supermarkets to be educated about this new digital phenomenon.

5.3 Limitations of the study

The results of this study should be interpreted in the context of a number of study limitations:

The study did not consider a number of factors, which may influence perceptions, among them age, level of education, training, experience, and other variables that can influence perception.

The study relied on judgments of the senior managers, which could not necessarily be the official position of the supermarkets.

Lastly, given the fact that electronic media are changing rapidly, there was constant updating of information (much of it down loaded from the Internet), as the study progressed. This is a clear indication that studies like this one could be obsolete before they are published.

5.4 Recommendations.

The following recommendations could be given arising from the study.

5.4.1 Recommendations for Policy and Practice.

A good proportion of supermarkets are aware of the e-marketing but it is obvious they do not understand most of its attributes and potential. The big burst in e-marketing will come when it is freed from the computer and people can make orders easily through Televisions, cell phones, and other devices. Supermarkets need to be educated about the immense potential of e-marketing.

Even though most supermarkets are not using the Internet extensively now, there is need to consider this tool for the future. In fact with the globalization and the trend toward free trade, local supermarkets will find they are not only competing amongst themselves but also with foreign established retailers.

The Internet is already a potentially powerful tool and global new customer “door opening”. The infrastructure could be unfavourable and the Internet culture is yet to develop fully, but there is need for supermarkets to go online to serve the fast growing number of Internet users in Kenya. Globally, they could target the nostalgic Kenyans living abroad with the local brands.

The study revealed the two supermarkets that are online are not taking as much advantage of the facilities of the Internet. There is need for e-marketing consultancy not only to educate the supermarkets on the use of e-marketing but also to correct the wrong perceptions.

5.4.2 Recommendations for further Research.

Issues that came to light in this study suggest that further research is required if the results can be generalized. There is little literature on e-marketing at the moment so another study similar to this one could be carried out narrowing it down clearly to bring out the changes in perceptions of e-marketing among the large, medium and small supermarkets. The study could also be broadened to include the other sub-sectors in the retail industry. To enhance the results and enrich the conclusions of such a study, it would be worthwhile for the study to be replicated in the following

industries: Banking, communications, financial services, food processing, and publishing, among other industries locally, to ascertain the true state of awareness and perception of e-marketing among Kenya's businesses.

Further, the future studies on e-marketing need to be designed to overcome the limitations that befell this particular study. The study did not consider a number of factors that influence perception. Among them are: the level of education, training, experience, and other factors, which influence perception. It also relied on information gathered from senior managers. There is need to verify such information as it may not necessarily be the official position of the organizations. Again the technology is changing very fast especially the area of information technology, which is associated with e-marketing. There is need therefore to keep abreast with the developments in the I.T front.

Lastly, since e-marketing is carried out through the Internet, it would be interesting to investigate the future of retail Internet Marketing in Kenya.

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APPENDICES

PHYSICS DEPARTMENT
5720 S. UNIVERSITY AVE.
CHICAGO, ILL. 60637

OFFICE OF THE
DEAN

PHYSICS

CHICAGO

ADMISSIONS
OFFICE
5720 S. UNIVERSITY AVE.
CHICAGO, ILL. 60637
(773) 936-3333
WWW.CHICAGOEDU.EDU

APPENDIX I: QUESTIONNAIRE

SECTION A

1. Name of supermarket _____

2. How would you classify ownership of you supermarket?

(i) Foreign owned []

(ii) Locally owned []

(iii) Joint owned []

Other (please specify) _____

3. Number of branches (please tick in the space)

(i) One []

(ii) Two []

(iii) Three []

(iv) Four []

(v) More than four []

4. Total area of trading floor in square feet

(i) Less than 2000 []

(ii) 2001 to 4000 []

(iii) 4001 to 6000 []

(iv) 6001 to 8000 []

(v) More than 8000 []

5. How many employees are there in your organization?

- (i) Less than 50 []
- (ii) 50 to 100 []
- (iii) 100 to 250 []
- (iv) More than 250 []

6. Of these, what percentage comprise permanent employees?

- (i) Less than 10% []
- (ii) 10 to 25% []
- (iii) 25 to 50% []
- (iv) More than 50% []

7. Does the supermarket have computers?

Yes []

No []

8. If yes, how many computers does the supermarket have?

- (i) Less than 10 []
- (ii) 10 to 25 []
- (iii) More than 25 []

9. For what purpose are they used for? (Tick where appropriate)

- (i) Checkout cash registers []
- (ii) Office administration []
- (iii) Internet []
- (iv) E-mail []

Other (Please specify) _____

10. If you use the Internet, do you have a web site?

Yes []

No []

11. If **NO**, Why Not? _____

12. Have you ever heard of on-line marketing?

Yes []

No []

13. If yes, what do you understand by on-line marketing? _____

14. What are the requirements of on-line marketing? (Tick as appropriate)

- Technical infrastructure of computers and network communications []
- Database management system and related software []
- The digital database content []
- Standard 'off-the-shelf' software []
- Project management []
- Staff training and development []

Other (specify) _____

15. List some of the benefits of online marketing?

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

SECTION B

Indicate with a tick in the appropriate space [] the extent to which you agree or disagree with the following statements.

| | Strongly Agree | Agree | Undecided | Disagree | Strongly disagree |
|--|-------------------|-------|-----------|----------|----------------------|
| 1. On line marketing involves performing the activities of marketing like advertising and selling on the internet. | [] | [] | [] | [] | [] |
| 2. On line marketing technology require heavy capital investment | [] | [] | [] | [] | [] |
| 3. On line marketing increases performance | [] | [] | [] | [] | [] |

4. On line marketing opens your organization to competition [] [] [] [] []
5. On line marketing is an interesting tool to use. [] [] [] [] []
6. On line marketing is easy to understand and use [] [] [] [] []
7. On line marketing is complex [] [] [] [] []
8. Internet is rife with inconsistent technology [] [] [] [] []
9. On line marketing can lead to efficiency [] [] [] [] []
10. On line marketing can improve service delivery [] [] [] [] []
11. On line marketing can be a tool for increasing our market share. [] [] [] [] []
12. Providing credit card information and other details through the web can be risky [] [] [] [] []
13. On line marketing makes marketing easier [] [] [] [] []

14. Activities become less manual by adoption of on line marketing. [] [] [] [] []
15. Adoption of on line marketing can reduce marketing to a routine activity. [] [] [] [] []
16. Effecting orders can be instant with on line marketing. [] [] [] [] []
17. Responding to customers' orders can be faster using on line marketing. [] [] [] [] []
18. Managers make quick and accurate decisions using on line marketing technology. [] [] [] [] []
19. Customer profiles can be compiled faster using on line marketing technology. [] [] [] [] []

Appendix III: List of Supermarkets in Nairobi

- | | | | |
|---------------------|-------------------|---------------------|-------------------|
| 1. Uchumi | 29. Gigiri | 54. Tirana | 80. Robert Ondiek |
| 2. Nakumatt | 30. Starehe | 55. Joja Ks | 81. Dry House |
| 3. Ukwala | 31. Naivamatt | 56. Fair price | Holdings co. |
| 4. Select 'n' pay | 32. Schilada | 57. Harrys | 82. New Ricken |
| 5. Lucky star | 33. Nova | 58. Salisbury | shopper |
| 6. Jack and Jill | 34. New Westlands | 59. Shopping | 83. Rajesh Gloria |
| 7. Fair lane | 35. Deepak cash | paradise | 84. Well Brand |
| 8. Safeways | and carry | 60. FCC self | 85. Ngara Road |
| 9. Tusker | 36. Queensway | service | 86. Lilian Rahisi |
| mattresses | 37. Continental | 61. Ngara | 87. Mwiki |
| 10. Chandarana | 38. Karen | 62. MIS whole | 88. Fransa |
| 11. Magic | 39. Spring valley | store | 89. Datelvey |
| 12. Mega Market | 40. Westlands | 63. Centalinte | 90. Rafaels |
| 13. Fairdeal | General Store | 64. The Good Earth | 91. Holiffied |
| 14. City Mattresses | 41. Super Value | 65. Kieni | superstore |
| 15. Country | 42. Spicy Spice | 66. Uchuzi | 92. Jojan |
| Mattresses | 43. Ongata Rongai | 67. Bist provision | 93. Cheeji |
| 16. Sheela | 44. Umoja Mini | store | 94. Victory |
| 17. Woolworths | 45. Maridadi | 68. Lucky and sons | 95. Vantage |
| 18. Ebrahims | 46. Eastleigh | 69. Kalay | 96. Stella |
| 19. Rikana | Mattresses | 70. Rose collection | 97. Amil and |
| 20. Trister | 47. Muthaite | 71. Alliance | Dryesh |
| 21. Mumsies | 48. Roysambo | 72. Flora petty | 98. Total Thika |
| 22. JDSS | Grocers | 73. Seven eleven | Road |
| 23. Baranuki | 49. MITO | 74. Midas touch | 99. Geska |
| 24. Peponi Grocers | 50. Mount (K) | 75. Trichem | 100. Green Forest |
| 25. Stellar | sundries | 76. Lucky shop | 101. Donholm star |
| 26. Muthaiga | 51. Budget | 77. Mathare | shop |
| 27. Santosh | 52. South C | 78. Sheera | 102. White star |
| 28. Jamia | 53. Tesco | 79. Njonde | 103. Jazeer |

| | | | |
|---------------------|------------------|-------------------|---------------|
| 104. Kiaiwa | 133. Sikendo | 162. Nafroni | 191. Ladywood |
| 105. Elipa | Grocers | 163. Jeska | 192 Store |
| 106. Kimani | 134. Pangani | 164. Alpany | |
| 107. Macson | 135. Juja Road | 165. Marta | |
| 108. Rose Jam | 136. George | 166. Angelas | |
| 109. Star | 137. Sunrise | 167. Better Price | |
| 110. Star | 138. Umoja | 168. Broadway | |
| 111. Kahawa | 139. Ridgeways | 169. Evergreen | |
| 112. Gipsy | 140. Kamindi | 170. Keinani | |
| 113. Furs | 141. Susu | 171. Frankaal | |
| 114. Greenfield | 142. Tihana | 172. Bashi | |
| 115. Leadsway | 143. Joss | 173. Toyo | |
| 116. Success | 144. Hurlingham | 174. Furs | |
| 117. K&A | Grocers | 175. Furaha | |
| 118. Gulabchand | 145. Caledermian | 176. Tip Top | |
| 119. Goodfar stores | 146. Sippys | 177. Lalab | |
| 120. Ronnys | 147. Versian | 178. Henenettas | |
| 121. Green Spot | 148. Mesora | 179. Camesh | |
| 122. Porarim | 149. Furaha | 180. Eremo | |
| 123. Pop-In | 150. Save More | 181. Ahmed Karim | |
| 124. Tricor | 151. Shaflus | 182. Ruble | |
| 125. Decoy"s | 152. A&D | 183. Karanjas | |
| Discount | 153. Quick Pick | 184. Suriha | |
| 126. Kenton | 154. Vijiko | 185. Pricerite | |
| 127. Chemusia | 155. Susy | 186. Kenis | |
| 128. Fairrose | 156. Faine Fayne | 187. His & Hers | |
| 129. Fontana | 157. Corner | 188. Sai | |
| 130. Mumbi | 158. Acacia | 189. African | |
| 131. P& Shah | 159. Borno | Grocers | |
| 132. Baobab Mini | 160. Choices | 190. Aladin Lalji | |
| | 161. Supra | and sons | |