

**FACTORS CONSIDERED IMPORTANT BY LARGE SUPERMARKETS IN  
SELECTING THEIR SUPPLIERS OF MERCHANDISE: A CASE OF LARGE  
SUPERMARKETS IN NAIROBI //**

**BY**

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## DECLARATION

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

Signed:  Date: 24<sup>th</sup> Sept. 2001

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

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## **DEDICATION**

To my father and Mother, Mr Romanus Kongoro Masese and ,Mrs Leonida Obonyo  
Masese for instilling a sense of responsibility and integrity

## **ACKNOWLEDGEMENTS**

To say that many people have contributed to the success of this study is an under estimation

I wish to extend my sincere gratitude to the many Individuals who either directly or indirectly contributed to the eventual completion of this research project.

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## **ABSTRACT**

The primary objective of this study was to determine which factors are considered important by large supermarkets in the selection of their suppliers of merchandise. The rationale for this study arose from the fact that little is known about the supplier selection process in retail organizations.

Liberalization in Kenya has led to stiff competition and the supermarkets have used merchandise content, which differs across outlets, as a competitive strategy. However, the available literature exhibits deficiencies on the factors considered important in selection of suppliers by large supermarkets.

The purpose of this study was to identify the supplier selection factors, determine which ones are critical and determine the sources of merchandise for large supermarkets.

To achieve the stated objectives, a census study of all supermarkets classified as large was carried out. Primary data was collected by use of a structured questionnaire personally administered by the researcher on a drop and pick basis to the purchasing manager or his/her equivalent.

Factor analysis and some descriptive statistics were used in data analysis.

The results showed the following are important:

- Financial stability enabling provision of long term credits and discounts



- Adaptation to new technology and world class concepts such as JIT, EDI, E-Procurement.
- Suppliers involvement in aggressive advertisement and promotion at outlets.
- Merchandise suitability and conformity to specifications and delivery time.

Based on the findings it was recommended that the supplier's financial stability and adaptation to new technology should be put in consideration in supplier selection to enhance a mutual supplier – retailer relationship for the benefit of both.

## **LIST OF ABBREVIATIONS**

COMESA	- Common Market of Eastern and Southern African Countries
DPP	- Direct Product Profitability
DSD	- Direct Store Delivery
EAC	- East African Community
EDI	- Electronic Data Interchange
EPSO	- Electronic Point of Sale
FMCG	- Fast Moving Consumer Goods
JIT	- Just In Time
MSCU	- Medical Stores Coordinating Unit
PTA	- Preferential Trade Area
TQM	- Total Quality Management
UK	- United Kingdom
USA	- United States of America.
LDC	- Less Developed Countries
DC	- Developed Countries

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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1. BACKGROUND**

Purchasing and supply management function has been emphasized in the industrial and institutional sector, notwithstanding its growing importance in the retailing industry. Supermarkets just as industrial and institutional buyers spend large sums of money on acquisition of merchandise and is recognized due to its potential contribution to profitability through cutting costs,(Lysons,1996)

The government of Kenya adopted structural Adjustment programmes (SAPs) through the publication of sessional paper No. 1 of 1986 on Economic Management and Renewed Growth. These reforms included removal of all import licensing, price decontrols, foreign exchange controls, reforms on Investment Incentives, Public enterprise guidelines and the financial system.

This economic Liberalization and the formation of regional groupings, PTA, EAC, and COMESA the most recent, has enabled supermarkets in Kenya to have access to multiple sources of Merchandise from different manufacturers. Supermarkets have to make decisions whether to source for Merchandise from local, National or International Manufacturers.

Researchers in Kenya have not been keen to investigate the factors supermarkets consider important in selection of suppliers. Despite the lack of Literature on the criterion, it is evident on visiting different supermarkets that the merchandise content differs. For instance ,Uchumi and Nakumatt Supermarkets do not stock the soft brands of soft drinks from Kuguru foods company, Tusker matt supermarket and chandarana Supermarket do not stock Hostess from Unga company. Nakumatt until

recently was only stocking imported sugar. There are also products found in almost all supermarkets for example Unilever company products such as Blue Band are available in almost all supermarkets. Merchandise content is an important competitive strategy. Both variety and assortment pull customers. Uchumi and Nakumatt supermarkets have used this strategy to snatch customers from other supermarkets. Westbrook (1981), suggests that there are usually two broad based categories of retail – related experiences which are considered important to customers and which greatly influence them in evaluating service quality in a retail setting. These experiences included in - store experience and the experience related to Merchandise.

Supermarkets have made efforts to enhance the ultimate customer satisfaction by providing different types of merchandise from different manufacturers variety and assortment. Randall, (1994) asserts that the nub of the problem for manufacturers is that most markets of retailers do not need all manufacturers to supply them. Since in today's crowded markets obtaining adequate distribution is necessary condition for success, the balance of power seems to have swung towards retailers particularly as concentration increases. For example, Uchumi and Nakumatt supermarkets have several branches in different towns in Kenya. Obviously most manufacturers need distributors and do buyers and consumers. The very existence of intermediaries shows that they fulfill a useful economic role; all parts of the system live together in a way biologist calls symbiotic. (Rosenbloom, 1995)

Randall (1994), further, asserts that what is certain is that retailing has become one of the most dynamic sectors of the economy. For instance in Kenya there is a transition of power from manufacturers to retailers (supermarkets) ,considering the emergence of store brands and manufacturers find supermarkets most attractive buyers, due to the

fact that they are large buyers, and have monopoly over information from customers because of the direct link, (Davidson 1988).

Although retailers have bargaining power, so do manufacturers; in particular the traditional strength of the brand is the most valuable too as it offers retailers the opportunity of drawing customers not only for that brand but all the other goods on offer. Studies conducted in the developed countries such as U.K. Europe, USA and Japan vary but concur that the trend is similar for example King (1980) revealed that the swing in the balance of power away from manufacturers is happening everywhere, but is most marked in the UK grocery trade (Murphy ,1990).

The quality of merchandise in terms of performance and conformance and other support services like on time delivery have an impact on the satisfaction of the final consumer and the supplier. Nevertheless, manufacturers are bound into long term relationships with retailers, and to succeed must manage the situation to their mutual advantage. In order for manufacturers to obtain a real competitive advantage ,they must understand the retailers interest in supplier selection, (Rosenbloom, 1995).

According to Moriarty(1989), Information systems, which help improve efficiency and effectiveness of marketing activities, have a direct impact on the bottom line of the company's competitiveness. Randall,(1994) asserts that in the developed countries like the USA, UK and Japan the level of information technology is considered important by the retailers in selection of suppliers of merchandise that is the manufacturers ability and adaptability to world class concepts like JIT, TQM and DSD,DSD,DPP, EPOS ,and EDI.

Nonetheless, good manufacturers – retailer relationship makes a significant contribution to a company's success in terms of supplier goodwill, however conflicts are sometimes

inevitable. The conflicts between manufacturers and retailers often manifest themselves in the problems facing retailers (supermarkets) in dealing with their suppliers and vice versa.

According to Randall (1994), manufacturers must learn to live with the situation and those who respond pro-actively will win in particular by building and maintaining strong brands, and developing radically new strategies and structures for serving retail customers, thus the primary focus of this text is to determine the supplier selection factors as a way forward to enhancing good manufacturer- retailer relationships.

## **1.2 STATEMENT OF THE PROBLEM:**

The trade aspect of marketing of products by manufacturers to retailers is increasingly becoming important and it must focus on the long-term management of a relationship, which is of mutual benefit to both retailers and manufacturers. One way of maintaining this relationship is an understanding of the factors considered important by supermarkets in selecting their suppliers, particularly given the changing nature of business environment. Manufacturers must recognize this and learn to live and make a profit from it. Researches have been done on different retailing strategies in Kenya. A study by Karume (1993) investigated the state of strategic management in Kenyan retailing sector. Ngatia (2000) did a comparative study of service providers and consumer perception of service quality in the retailing industry. Ng'ang'a (2000), conducted a study on factors influencing the choice of products distribution channels for small scale manufacturing firms: A case of Thika Town. There is no known previous research that has been done on supplier selection in Kenya.

The economic liberalization and private sector reforms has enhanced a high degree of rivalry and competition both within and between many sectors in Kenyan the economy.

The manufacturers compete against themselves through strategies like new product innovations (Opondo, 1999), and maintaining strong brands (Okatch, 1993). More often than not they are forced to distribute through retail outlets like supermarkets. Due to intense competition supermarkets lower prices as a competitive strategy as a result quantity or cash discounts.

Nevertheless, supermarkets also face competition from other retailers ,like in Kenya today ,there is an increase in convenience stores at petrol stations (Karume, 1995). The Manufacturers are competing for the limited shelf space in supermarkets and thus due to the increasing retailer power, as retailers become larger, their capacity to influence the action of other channel members (wholesalers and manufacturers) also becomes greater thus are in a position to exert considerable influence on its suppliers.

Socio-culture, economic, political-legal, infrastructural and technological factors in Kenya are different from those in developed countries (Aosa, 1992). Hence the factors considered important in selection of suppliers by retailers in the developed world and their relative importance may not be similar to those in Kenya. Thus it would be appropriate to study the factors retailers consider important in the selection of suppliers in the retail industry specifically supermarkets in Nairobi, Kenya.

The scenario from the Literature review has been a list of multitude of factors influencing the selection of a supplier by retailers. The relative importance of each factor varies by type and size of retailer and sometimes between countries. Given the dynamic nature of the retail industry, and the changing business environment, manufacturers may not be able to adhere to all the requirements but need to concentrate on factors considered important by supermarket in selection of suppliers in order to maintain a mutual lasting manufacturer- retailer relationship.



This can be achieved through a policy of prioritization, hence this background gives rise to the need to critically analyze the factors considered important by retailers in selection of their suppliers of merchandise with a view to prioritize them. This study therefore seeks to answer the following questions:

- Other than the traditional factors that influence supplier selection such as quality and price, what other factors are considered important by retailers (supermarkets) in selection of their suppliers of merchandise?

### 1.3 Objectives of the study

The objectives of this study include:

1. To determine factors considered important by large supermarkets in selection of their Suppliers of merchandise.
2. To determine the sources of merchandise for large supermarkets.
3. To determine the relative importance of each selection factor.

### 1.4 Importance of the Study

It is hoped that the results of this study will help the suppliers of merchandise to supermarkets to understand their needs and fulfill them to enhance a mutual manufacturer - retailer relationship. Others who would benefit from this study include:

**Marketing Practitioners:** - This study will enhance their understanding of the growing importance of purchasing and supply in the tertiary sector, (retail organizations).

**Supermarkets Owners:** - This study will provide supermarkets with a basis for benchmarking on common practices that are key to the success of a supermarket in

relation to purchasing of merchandise. Further this study will provide information to supermarkets on common causes of conflicts between supermarkets and suppliers.

**Manufacturers:** - This study will provide an insight to manufacturers to formulate strategies policies and regulations that encompasses the interest of supermarkets as move to enhance good manufacturer - retailer relationship and improve their services to supermarkets as a their major retail outlets.

**The academic fraternity:** - It will enhance the knowledge of students in Purchasing and Supply, Marketing and other related disciplines to understand better the growing importance of purchasing and supply in the retail industry.

**Researchers:** - It will give the researchers an insight on areas of further research and studies.

**Regulatory Bodies** such as Ministry of trade, Kenya Association of Manufacturers (KAM), the findings may be useful when setting and revising policies of trade and industry to minimize conflicts between manufacturers and retailers.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

What is supplier selection? Why should retailers select suppliers? This chapter discusses the meaning of supplier selection and its importance, some factors considered important in supplier selection and some problems facing supermarkets in dealing with manufacturers. It also contains operational definitions relevant to this study.

#### **2.1 Retailing:**

There is no precise definition of retailing but several definitions have been advanced. Kotler (1997) asserts that retailing includes all activities involved in selling goods and services directly to final consumers for their personal, non-business use. According to Redinbrough (1976), retailing includes all those business activities associated with selling goods and services to the ultimate consumer or final user for personal consumption. This definition concurs with Kibera and Waruingi (1998) definition, that a retailer is usually an individual or organization, which predominantly sells goods and services to final users. Examples in Nairobi include shops, kiosks, supermarkets and convenience stores.

Davidson (1988) refers to a retail institution as a generic store, never a specific store, which some of the common types today include supermarkets, departmental stores, drug stores, offering merchandise at the right place, at the right time, in the right quantities at the right price. For purposes of this study, this definition is adopted.

## **2.2 Supermarkets:**

There is no precise definition of a supermarket. Appel (1992) defines a supermarket as a store with at least 2000 square feet sales area with three or more check-outs and operated mainly on a self-service basis, whose range of merchandise comprise of food groups, basic house-hold requirements and cleaning materials. Kibera and Waruinge (1998) define a supermarket as a large scale retailing institution with several departments operating primarily on a self- service basis.

Stanton and Futrell, (1987) defines a supermarket as a large departmental retailing institution offering a variety of merchandise and operates on a self-service basis with a minimum of customer service. This definition is adopted for this study.

## **2.3 Purchasing and Supply**

According to Lysons (1996), organizational purchasing and supply can be defined as that function responsible for obtaining by purchase, lease or other legal means, equipment, materials, supplies and services required by an undertaking for use in production or for resale in tertiary sector. In this definition, the term production is used in the economic sense of creating utilities, that is, goods and services that satisfy wants. It is not therefore confined to manufacturing output but also applies to servicing, retailing and distributing organizations.

Dobler and Burt (1996), provides a somewhat simplistic definition. Purchasing and Supply is the process of obtaining materials, supplies and other services required of the right quality, in the right quantity, from the right source, delivered at the right place at the right price. Saunders (1996), defines purchasing and supply as a function that provides interface between customers and suppliers in order to plan, obtain, store and distribute any necessary supplies of materials, goods and services to enable the

organization to satisfy its internal and external customers. This definition is adopted for purposes of this study.

## **2.4 Suppliers**

A supplier refers to a person or organization supplying goods; services materials just to mention a few. For purposes of this study the term supplier is used to refer to manufacturers, distributors, wholesalers, or individual producers who supply merchandise to the supermarkets in Nairobi.

## **2.5 The meaning of Selection of suppliers and its importance**

Dobler and Burt, (1996) defines the concept of "Supplier selection" as the process through which buyers identify the potential suppliers of goods and services in order to determine their capabilities to meet the needs of the organization. The selection and management of the right supplier is key to obtaining the desired level of quality; on time and at the right price; the necessary level of technical support and the desired level of service. The management of the selected supplier ensures timely delivery of the required quality and quantity of supplies at the right price.

Saunders (1997), further affirms that one of the most important responsibility of a purchasing organization is to locate and/or develop suppliers that are competent and uniquely qualified to fulfill the needs of the buying firm (supermarkets). The supermarket spend a substantial sums of money on merchandise and hence the need to be prudent buyers through supply selection. Staying a breast of the large number of the potential suppliers in the market place; and their respective capabilities and potential can be difficult and time consuming task if not well done, could lead to waste of financial resources.

Consequently most firms have a policy that requires buyers to spend a certain percentage of time in searching for, identifying, and investigating potential suppliers in the market for products and services. It is not known to what extent this is practiced in Kenya. According to Robin (2001), most supermarkets make it a policy to see all first-time callers from potential supplier's organizations; these are usually sales representatives. Following the initial visit, however the buyers become more selective in deciding which business callers to see, limiting their interviews to those sales representatives whose firms products correspond with the buying firm's need. Supplier selection aids the incorporation of pricing and sourcing decisions, which represent major activities and outputs of purchasing and supply operations.

The consumers have a complex expectation on visiting supermarkets. They expect to find a variety of different merchandise that is consistent with personal shopping and preferences. The concept of assortment is closely related to the concept of variety, an assortment being the range of choice offered within variety category. Consumers are likely to consider the store with the widest assortment the most likely to carry the specific product category characteristic in mind, but many want to compare among variety of different models and colours. This is the rationale behind the fact that supermarkets often maintain a wide base of suppliers to meet customer expectations because different manufacturers have different product offers.

## **2.6 Supermarkets as intermediary buyers**

The main function of supermarkets is that of buying and stocking goods for resale and it is these tangible products which are sold on to customers. Supermarkets play a role by

making decisions on behalf of the customer by determining range, width of merchandise to buy in order to achieve customer satisfaction. In order to do this, they must buy these merchandise from manufacturers or vendors.

Saunders (1997), avers that these goods flow in through a supplier chain from external customers to external customers and it's the demands of the latter that need to be satisfied. "What you buy, you sell" is a phrase that encapsulates the idea. The difference compared with the manufacturing supply chain is that there is no internal transformation process, which converts materials into completed products. The Primary focus for purchasing and supply in retail industry will be aimed at "goods for resale". The classic functions of Retailing; are the creation of Assortment, Breaking of bulk and ready exchange of value. More specifically, the consumers expect retailers to accomplish the classic distributive functions required by customers. (Davidson, 1988).

- To create product and service assortments that anticipate and fulfill consumer and family needs and wants.
- To offer products and services in quantities small enough for individual or family consumption.
- To provide ready exchange of value through :
  - i. Efficient handling of transaction
  - ii. Convenient hours and locations
  - iii. Information that is useful in making choices and
  - iv. Competitive prices

The supermarkets in Kenya contain a wide range of merchandise and this includes household FMCG; appliances, clothing, wide variety of food and other household products.

## 2.7 The Current Supermarkets buying situation in Kenya

Traditionally supermarkets in Kenya obtain their merchandise from the manufacturer itself, from distributors such as Ndege Wholesalers, wholesalers like MC wholesalers. Further, the distribution channel system adopted by the manufacturers determine where the merchandise will be obtained from, and other factors such as product characteristics, competitive characteristics, company characteristics (Ng'ang'a, 2000).

The acquisition of merchandise is through a process whereby the suppliers sales representatives visits supermarkets to collect orders for already existing product lines in the supermarkets, to introduce new products and so on. Some supermarkets, however, obtain their merchandise from wholesalers, authorized distributors and individual producers / sellers.

According to Dolder and Burt (1996), for an organization to be a prudent buyer, they must buy competitively and buy wisely. Buying competitively involves keeping a breast of the forces of supply and demand that regulate prices and availability of materials, products or services in the market place. Buying wisely involves a continual search for better values that yield best combination of quality, service and price relative to the buyer's needs. Saunders (1997), affirms that it is the combination of buying competitively and buying wisely that typically contributes most to the profitability of the firm and , given the growing importance of prudent purchasing and supply as cost reduction strategy, supplier selection enhances achievement of optimal value of purchasing.

A study conducted by Elram and Pearson (1993), revealed that one of the primary function of purchasing and supply in organizational buying is supplier selection among



other seventeen activities which includes determination of materials, products and services requirements, specification development, make or buy analysis, standardization, determination of inventory levels, quality requirements determination, negotiation of price and terms, joint problem-solving with suppliers, supplier monitoring and analysis, communication of specification changes, productivity/cost improvements, development of sourcing strategy, price forecasting, long-range purchasing planning, determination of purchasing policy and value analysis.

### **2.8.0 Some factors considered important in selection of suppliers in the retail industry**

Retailers face major marketing decisions about their target markets and positioning product assortment and services, price, promotion and place (Kotler and Gary 1996). A study by King (1989), a survey of the sales representatives assigned to supermarkets, revealed that 95% of the retailers do not just negotiate about whether or not to stock, and price, but the negotiations include other factors such as delivery terms, service levels, credit and payment terms, parity with competitors (or exclusiveness) and so on.

Davidson, (1988), contends that most retailers make purchases from only a small proportion of the supply sources that are relevant and available. There is so much to the selection problem than simply becoming familiar with the currently existing. Intelligent decisions call for careful comparisons and appraisal of prospective suppliers on several counts.

### 2.8.1 Merchandise Suitability

According to Davidson (1988), merchandise suitability refers to the extent to which the supplier's goods/products meets the needs and wants of the stores customers. The merchandise suitability relates to the quality of the merchandise in terms of conformance and performance. Zi'kmumd d'Amico, (1994) also affirms that in the selection of suppliers retailers strive to match the product assortment with quality.

Retailers make decisions on product assortment services mix and store atmosphere, which are three major important product variables. The product assortment must match the target shopper's expectation. Consumers are not only interested on the range of the goods but also on the level of quality.

Davidson, (1988) further outlines other factors such as quoted prices and terms as factors influencing supplier selection. This concurs with Lysons (1996) that other factors to be considered in supplier selection are differences in credit terms which may influence merchants or retailers, particularly those with limited resources. Hayes, Pisano and Upton (1996), asserts that the Mc Donalds chain of restaurants was more concerned with quality and they did not chisel on price and were always concerned with suppliers making a fair profit.

“ How long would you let a guy stretch out his payments was more of a determining factor for whether you got the business than the quality of the product you were selling. If you adhered to Mc Donald's specifications, and were basically competitive on price you could depend on their order.” (Hayes, 1996)

A World Health Organization publication on managing Drug supply, in the Ministry of health, reveals that supply selection is a key function in the procurement of drugs and non - drug items and adherence to specifications is the factor given a priority before a contract is awarded. (MSCU working group, 1999). Specifications play a key role in enhancing merchandise suitability.

### **2.8.2 The Manufacturers distribution Policy**

If a supplier offers a retailer exclusive representation or carefully selects only a limited number of outlets, the manufacturer usually becomes preferred supplier (Ng'ang'a, 2000). The manufacturer can either adopt exclusive or intensive distribution system depending on the company's marketing and positioning strategy.

### **2.8.3 Reliability**

According to Lysons, (1996) a manufacturer's reputation for conforming with promised delivery dates, delivers merchandise that checks with sample specifications and handles complaints fairly and promptly is often a preferred in supplier selection. The sample specification is carried out by using a standard, a brand or any other means that the supplier must deliver.

### **2.8.4 Promotional Assistance**

Lysons (1996) and Davidson, (1988) concur that manufacturers that furnish retailers with advertising and display material or make available advertising allowances are often selected in preference to those who do not offer such aids. The buying firm (supermarket) develops supplier goodwill by being open, impartial and scrupulously fair in all its dealings with the supplier.

As a general criterion, the retailers must carefully consider the marketing and competitive factors as well as merchandise characteristics and the manufacturers terms. A good supplier is an invaluable resource to the organization requiring its product or service.

### **2.8.5 Replacement of expired stock**

Robin (2001) reveals that one other factor supermarkets consider important in selection of their suppliers is the ability and willingness to replace expired stock items. The need for replacement of stock in most cases is a requirement for fresh firm produce such as tomatoes. In order to clear up the stock before they expire the supermarkets ask the suppliers to share the losses related to price reductions and replace the stocks that expire before sale, (Karanja 2001)

### **2.8.6 Order Fulfillment**

Lysons (1996) asserts that order fulfillment is concerned with the ability of the supplier to turn the retailers requirement into an actual delivered order. Order fulfillment will involve information elements of receiving and documenting an order through the physical means of selecting and delivering the goods.

### **2.8.7 Quick Response (QR) and Continuous Replenishment (CRP)**

These are new concepts in retail inventory management which enable supermarkets to reduce costs in holding stocks. The CRP is aided by the EPOS -system which enables development of free flowing order fulfillment and delivery. The EPOS is used to identify the real time demand and the goods are transported immediately to the retailer by the

supplier. QR is a JIT concept that links the supplier closely to the actual demand at retail level.

QR and CRP are closely related and have strong similarities but with QR the emphasis is on time compression and opportunity for the supplier to redesign the production system to accommodate small batch sizes in a very short time scale. King (1980) asserts that these are some of the factors supermarkets consider important in supplier selection in developed countries like USA and UK.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

In this chapter the population of study, sampling plan, data collection and data analysis techniques are presented.

#### **3.1 The Population**

The target population of interest for this study consists of all large supermarkets located within Nairobi. Nairobi was chosen because the majority of supermarkets in Kenya are located here. The sampling frame consists of a list of all supermarkets developed using a list obtained from House of Manji and Procter and Allan and updated with the one adopted by Ngatia (2000) from Brookeside Dairy Limited, Lagat (1995) and Karume (1993) from Kenya co-operative Creameries Dairy Limited, resulting in a list of 180 supermarkets. They are ranked in order of size according to sales volume by the respective firms to the supermarket.

#### **3.2 The Sample Design**

The population of supermarkets has been classified into three categories.

- The first 20 are classified as large sized supermarkets
- The next 60 are classified as medium sized supermarkets
- The last 100 are classified as small sized supermarkets.

This classification is based on sales volume obtained from House of Manji and Procter and Allan both of which sell fast moving consumer goods and supermarkets are their major retail outlets.

Karume (1993), Lagat (1995) and Ngatia (2000) adopted the same method of classification.

For purposes of this study a census study of all the 20 supermarkets classified as large was since according to Saunders (1997), the size of the organization is measured either by the value of sales or level of purchasing expenditure is likely to affects the position of purchasing and supply function. This implies the purchasing and supply is an important function in these large supermarkets in Nairobi

### **3.3 Data Collection**

Primary data was collected using a questionnaire (see Appendix 1) administered on a drop and pick basis, targeting managers in supermarkets directly involved in the purchasing and supply of merchandise from various suppliers. The questions are derived from literature review on supplier selection in the tertiary sector - retail organizations. The questionnaire consisted of both open and closed-ended questions aimed at getting primary data from respondents. The questionnaire had two sections. Section I contain highly structured questions targeted to capture specific supermarket data. Section II has closed ended questions aimed at determining merchandise supplier selection factors. The questionnaire were used to collect primary data on supplier selection factors from the respondents. The large supermarkets were initially contacted by telephone to solicit co-operation, to identify the appropriate respondents and provide direction.

### 3.4 Data Analysis

Tables and proportions and percentages were used to represent the response rate, year of establishment, and sources of merchandise. Tables and proportions/percentages were selected because of their clarity, preciseness and ease of understanding. Other forms of descriptive statistics such as mean and standard deviation and factor analysis were used to identify factors considered important by large supermarket in selection of suppliers and to determine the relative importance of each selection factor .The most important and least important factor were determined on the basis of prioritization. A statistical package for social sciences (SPSS) was used. Factor analysis applies an advanced form of correlation analysis to responses to a large number of statements, which result in highly related responses. The idea is, if the responses set three or more statements are highly correlated, then it is believed that the statements measure some factor, which is common to all of them. Therefore, since this is what the researcher had set out to do, this technique was the most appropriate.



## CHAPTER FOUR:

### 4.0 DATA ANALYSIS AND INTERPRETATION

This chapter contains the summaries of data together with their possible interpretations. The first part of the chapter presents analysis of supermarket information such as ownership, year of establishment, source of merchandise and number of branches. The second part presents the empirical findings of the factors considered important by large supermarkets in the selection of their suppliers of merchandise. Section I of the questionnaire is presented using mean scores and percentages and factor analysis is used for section II of the questionnaire.

#### 4.1 Number of Respondents:

<b>Respondents</b>	<b>Target respondents</b>	<b>Actual respondents</b>	<b>% response</b>
<b>Large supermarkets</b>	<b>20</b>	<b>18</b>	<b>90%</b>

From the table (4.1) the response rate of large supermarkets was 90%, which the research deemed, adequate and sufficient for the study for purpose of data analysis. It compares favorably with other studies such as Lagat (1995) 62% and Karume (1993) 55% response rate.

#### 4.2 Year of Establishments:

Year	Number	% Response Rate
1997-1980	3	17%
1981-1990	6	33%
1991-2000	9	50%
2001 to date	0	0%
<b>Total</b>	<b>18</b>	<b>100%</b>

The results of year of establishment indicate that 50% of the large supermarkets were established between 1991-2001 while 33% were established between 1981-1990. This could be attributed to the economic liberalization process.

#### 4.3. Distribution of ownership:

	Number	% Response Rate
Foreign ownership	0	0%
Locally owned	16	88%
Joint ownership	2	12%
<b>Total</b>	<b>18</b>	<b>100%</b>

The results of ownership indicate that 88% of the large supermarkets were locally owned while 12% were jointly owned.

## Sources of Merchandise:

### 4.4 Local and National Suppliers

	Number	% Response
Wholesalers	0	0%
Wholesalers and Distributors	2	11%
Distributors and manufacturers	15	83%
Manufacturers only	1	6%
Others	0	0%
Total	18	100%

The results on table 4.4 indicates that 83% of the large supermarkets obtain their merchandise from distributors and manufacturers, while only 6% obtain its merchandise from manufacturers only.

### 4.5 Foreign Suppliers( imported merchandise):

	Number	% Response	
Wholesalers			
Wholesalers and Distributors	1	6%	
Distributors and manufacturers	12	67%	
Manufacturers only	5	27%	
Others	0	0%	
Total	18	100%	

The large supermarkets obtain their imported merchandise mainly from Distributors and Manufacturers as table 4.5 indicates they command 67% while 27% of the large supermarkets obtain imported merchandise from Manufacturers.

#### 4.6. Purchasing Pattern:

	<b>Centrally</b>	<b>Decentrally</b>	<b>Total</b>
<b>Number</b>	<b>17</b>	<b>1</b>	<b>18</b>
<b>%Response</b>	<b>94%</b>	<b>6%</b>	<b>100%</b>

The results from table 4.6 above indicate that 94% of the large supermarkets purchase merchandise centrally. This is consistent with Karume (1993), supermarket buy in bulk in order to command large discounts thus to charge lower prices as a strategic advantage.

#### 4.7. Number of Branches:

	<b>Number</b>	<b>%Response</b>
<b>One</b>	<b>9</b>	<b>50%</b>
<b>Two</b>	<b>3</b>	<b>17%</b>
<b>More than Two</b>	<b>6</b>	<b>33%</b>
<b>Total</b>	<b>18</b>	<b>100%</b>

Table 4.7 above shows that 50% of the large supermarkets have one branch while 33% represents those that have more than two branches.

#### **4.8 Factors considered important by large supermarkets in the selection of their suppliers of Merchandise.**

Factor analysis was performed on section II of the questionnaire, in order to identify and prioritize the factors that do have the most influence on the supermarkets process of selection of suppliers of merchandise.

This part of the questionnaire had **32 variables** for the **18 cases (respondents)** on factors considered important by large supermarkets in the selection of suppliers of merchandise.

A sample of the questionnaire is attached in appendix II . A statistical package SPSS (Statistical Package for Social Sciences) was used to analyse this data. The results are presented in the following paragraph.

The factor considered most important for the matrix was represented by a score of five (5) (very important) the least important factor was represented by score of one (1) (not at all important).

Table 4.9 shows that **21 variables** had high mean scores between 4.00 and 4.94 inclusive. These are v10, v1, v12, v5, v8, v19, v6, 18, v15, v13, v31, v21, v28, v2, v20, v30, v23, v4, v25, v29. The standard deviation also provides the same results.

**TABLE 4.9**

DESCRIPTIVE STATISTICS					
	N	Minim um	Maxim um	Mea n	Std. Deviation
V10	18	4	5	4.94	.24
V1	18	4	5	4.94	.24
V12	18	4	5	4.89	.32
V5	18	4	5	4.83	.38
V11	18	3	5	4.78	.55
V8	18	4	5	4.78	.43
V19	18	4	5	4.72	.46
V6	18	2	5	4.50	.92
V18	18	3	5	4.50	.71
V15	18	3	5	4.44	.70
V13	18	3	5	4.44	.70
V31	18	2	5	4.39	.92
V21	18	2	5	4.39	.92
V28	18	-3	5	4.39	1.88
V2	18	1	5	4.39	1.14
V20	18	3	5	4.33	.69
V30	18	1	5	4.28	1.02
V23	18	3	5	4.17	.71
V4	18	2	5	4.11	.83
V25	18	1	5	4.11	1.02
V29	18	3	5	4.00	.69
V3	18	1	5	3.89	1.32
V24	18	3	5	3.83	.62
V22	18	2	5	3.72	.96
V26	18	2	5	3.56	.92
V17	18	1	5	3.11	1.60
V27	18	1	5	3.00	1.24
V7	18	1	5	2.83	1.25
V9	18	1	5	2.78	1.44
V16	18	1	5	2.67	1.46
V32	18	1	5	2.56	1.04
V14	18	1	3	1.61	.61
Valid N (listwise)	18				

Ranking of the variables either according to mean or standard deviation results in the selection of the following variables considered by the respondents as either important or very important by the respondents in selection of suppliers of merchandise by supermarkets:

1. V10 : The supplier's reputation for conforming to promised delivery time.
2. V1 : The suppliers offering products that meet the wants and needs of store customers.
3. V12 : The supplier's ability and willingness to handle complaints fairly and promptly to enhance mutual manufacturer-retailer relationship.
4. V5 : The suppliers ability to supply merchandise with respect to quantity demanded .that is , provide more merchandise as sales increase to avoid stock outs (under normal and emergency circumstances) due to increased demand
5. V11 : The supplier's reliability in delivering merchandise that checks or matches the specifications provided by supermarkets in the orders.
6. V8 :The replacement of breakage's or damaged merchandise by suppliers.
7. V19 : The suppliers involvement in aggressive advertising campaigns to inform, remind and persuade consumers to buy their brands.
8. V6 : The supplier's willingness and ability to transport merchandise to the supermarket.
9. V18 : The suppliers that furnish retailers with advertising and display materials and to make available allowances.
- 10.V15 :The supplier's ability to provide cash or quantity discounts.
- 11.V13 : The suppliers that charged the lowest ultimate price and provide larger profit margins.

- 12.V31 :The supplier's readiness and willingness to replace expired stock items or share in costs when prices are reduced to enhance sales.
- 13.V21 : The supplier's involvement in sales promotion activities to promote sales and demand at supermarket outlets.
- 14.V28 :The supplier's willingness to bear liability for non-conformity and non-performance of merchandise and readiness to pay stores customers for damages.
- 15.V2 : The supplier's ability to provide long-term credit terms.
- 16.V20 : The availability of services or other existing product lines from suppliers.
- 17.V30 : Service competition resulting from identifying those suppliers who are willing to add "plus" values over and above functional value of quality and price.
- 18.V23 : The durability of the merchandise shelf life. The merchandise should have a longer shelf life.
- 19.V4 : A supplier with a strong financial base and equity.
- 20.V25 :Suppliers pre-packaging of assortments in ways that facilitate display.
- 21.V29 :Technological and quality competition resulting from identifying supplier who excels in good ideas, design and production techniques.



**Table of communalities Table 4.10**

<b>Communalities Table 4.10</b>		
	<b>Initial</b>	<b>Extraction</b>
V1	1.000	.949
V2	1.000	.962
V3	1.000	.866
V4	1.000	.861
V5	1.000	.939
V6	1.000	.948
V7	1.000	.809
V8	1.000	.966
V9	1.000	.846
V10	1.000	.898
V11	1.000	.665
V12	1.000	.949
V13	1.000	.867
V14	1.000	.787
V15	1.000	.887
V16	1.000	.965
V17	1.000	.943
V18	1.000	.945
V19	1.000	.816
V20	1.000	.902
V21	1.000	.912
V22	1.000	.832
V23	1.000	.922
V24	1.000	.892
V25	1.000	.715
V26	1.000	.909
V27	1.000	.821
V28	1.000	.832
V29	1.000	.846
V30	1.000	.962
V31	1.000	.825
V32	1.000	.978

Extraction Method: Principal Component Analysis.

Table 4.10 above is a table of communalities, which show the proportion of the components variation that is involved in the factors. The communalities show consistently high loading.

The table 4.14 below shows the final results of principal component analysis, which expresses the sums of, squared loading of the variables. The indication is that the extracted components explain 82.3 % of the total variance.

**Total Variance Explained: Table 4.14**

Total Variance Explained table 4.14									
Com pone nt	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.768	27.401	27.401	8.768	27.401	27.401	5.949	18.589	18.589
2	4.983	15.573	42.974	4.983	15.573	42.974	4.306	13.457	32.046
3	3.497	10.930	53.904	3.497	10.930	53.904	3.695	11.548	43.594
4	3.027	9.459	63.363	3.027	9.459	63.363	3.334	10.420	54.014
5	2.123	6.635	69.998	2.123	6.635	69.998	3.000	9.376	63.390
6	1.742	5.443	75.441	1.742	5.443	75.441	2.134	6.669	70.059
7	1.696	5.299	80.740	1.696	5.299	80.740	2.026	6.332	76.391
8	1.297	4.052	84.791	1.297	4.052	84.791	1.890	5.906	82.296
9	1.081	3.377	88.169						
10	.924	2.888	91.057						
11	.745	2.329	93.386						
12	.634	1.982	95.369						
13	.554	1.731	97.100						
14	.400	1.248	98.348						
15	.269	.841	99.189						
16	.153	.479	99.668						
17	.106	.332	100.000						
18	2.115	6.608	100.00						
	E-15	E-15	0						
19	8.538	2.668	100.00						
	E-16	E-15	0						
20	6.340	1.981	100.00						
	E-16	E-15	0						
21	4.735	1.480	100.00						
	E-16	E-15	0						
22	3.401	1.063	100.00						
	E-16	E-15	0						
23	1.373	4.290	100.00						
	E-16	E-16	0						

24	1.115	3.483	100.00
	E-16	E-16	0
25	8.227	2.571	100.00
	E-17	E-16	0
26	5.591	1.747	100.00
	E-19	E-18	0
27	-	-	100.00
	1.158	3.620	0
28	-	-	100.00
	1.678	5.244	0
29	-	-	100.00
	1.962	6.131	0
30	-	-	100.00
	3.148	9.837	0
31	-	-	100.00
	4.745	1.483	0
32	-	-	100.00
	6.944	2.170	0

Extraction Method: Principal Component Analysis.

### CORRELATION MATRIX:

To generate the factors, a correlation matrix was therefore necessary and the results are as follows; see Appendix III

Table 4.11 (Appendix III) shows the correlation matrix of thirty-two variables, which were contained in section II of the questionnaire.

This is the basis of generating factors and shows the inter-correlation among variables.

For high correlation the number should either be close to 1 or -1. Zero indicates no correlation. For example variable 18 has no correlation with variable 12 at .000.

Variables 12 has a high correlation with Variable 5.

## Rotated component matrix (1)

Table 4.13 (Appendix III) shows that the rotated matrix to initial factor matrix. Varimax rotation was performed. Varimax attempts to simplify the columns of factor matrix by making all values close to either 0 or 1. The final matrix represents the terminal solution and it stands for both a pattern and a structure matrix with coefficients.

The loading in a given row represent regression coefficient of factors that describe a given variable.

In the rotated component matrix factor 1 is loaded heavily by variables 30, 31, 3, 6, etc. Factor 2 is loaded heavily v14, v7, etc Factor 3 is heavily loaded by v22, v7, while factor 4 is heavily loaded by v1, v23, v10, v12 and so on.

## FACTOR IDENTIFICATION

**Factor 1: Financial stability enabling provision of long term credits and discounts. It is significantly loaded with the following statements:**

V2 The supplier's ability to provide long term credit terms.

V4 A supplier with strong financial base and equity.

V15 The supplier's ability to provide cash or quantity discounts.

V13 The suppliers that charged the lowest ultimate price and provide larger profit margins.

8 The replacement of breakages or damaged merchandise by suppliers.

V27 The suppliers involvement in provision of technical personnel at the point of sale for electronic appliances.

V30 . service competition resulting from identifying those suppliers who are willing to add "plus" values over and above functional value of quality and price.

V31 The supplier's readiness and willingness to replace stock items or share in costs when prices are reduced to enhance sales.

**Factor 2: Adaptation to new technology and world class concepts, JIT, EDI, E-procurement. It is significantly loaded with the following statements:**

V7 The suppliers ability to install EDI to enable –procurement in placing orders.

V17 The supplier's adaptation of world class concepts like JIT and TQM.

V29 Technological and quality competition resulting from identifying supplier who excels in good ideas, design and production techniques.

**Factor 3: This factor can be named supplier's involvement in aggressive advertisement and promotion at outlets. Statements significantly loaded are the following:**

V19 The supplier's involvement in aggressive advertising campaigns to inform, reminds and persuade consumers to buy their brands.

V18 The suppliers that furnish retailers with advertising and display materials and make available advertising allowances.

V20 The availability of several or other existing product lines from suppliers.

V21 The suppliers involvement in sales promotion activities to promote sales and demand at supermarket outlets.

**Factor 4: This factor can be named merchandise suitability and conformity to specifications, which has the following significant loadings:**

V1 The suppliers offering products that meet the wants and needs of store customers.

V11 The supplier's reliability in delivering merchandises that checks or matches the specifications provided by supermarkets in orders.

V23 The durability of the merchandise shelf life. The merchandise should have a longer shelf life.

**Factor 5: Suppliers image to its stakeholders. The public corporate image and social responsibility.**

V22 The cleanliness and general outlook of the suppliers processing plant especially those supplying foodstuffs.

V24 A supplier of merchandise with a general good reputation and public image in the society.

V28 The suppliers willingness to bear liability for none-conformity and none-performance of merchandise and readiness to pay store's customers for damages.

V3 The suppliers attained accreditation like the ISO 9002.

V12 The suppliers ability and willingness to handle complaints fairly and promptly to enhance mutual manufacturer-retailer relationship.

V16 Suppliers promotion of social responsibility by providing products that are environmental friendly in terms of packaging and so on.

**Factor 6: Pre-packaging to facilitate display and manufacture of store brands.**

V25 Suppliers pre-packaging of assortments in ways that facilitate display.

V26 The willingness and readiness of the supplier to manufacture store brands or private labels for the supermarket.

V32 The supplier's distribution policy on its products, that no other retailer shall sell the product.

**Factor 7: Transportation of merchandise to supermarkets, on time delivery in relation to demand levels.**

V5 The suppliers ability to supply merchandise with respect to quantity demanded, that is , provide more merchandise as sales increase to avoid stock outs (under normal and emergency circumstances) due to increased demand.

V10 The supplier's reputation for conforming with promised delivery time.

V6 The supplier's willingness and ability to transport merchandise to the supermarket.

**Factor 8: Patriotism and political links.**

V14 The supplier's link with powerful political personalities.

V9 Buying from local and national suppliers as a justification for patriotism

### Prioritization of Factors

	Pct Variance	Cum Pct	Order of Priority
Financial stability enabling provision of long-term credits and discounts.	18.589	18.589	No.1
Adaptation to new technology and world class such as, JIT, EDI and E-Procurement.	13.457	32.046	No.2
Suppliers Involvement in aggressive advertisement and promotion at outlets.	11.548	43.594	No.3
Merchandise suitability and conformity to specifications.	10.420	54.014	No.4
Suppliers image to its stakeholders, the corporate image and social responsibility.	9.376	63.390	No.5
Pre-packaging to facilitate display and manufacture of store brands or private labels for supermarkets.	6.669	70.059	No.6
Transportation of merchandise to supermarkets on time delivery in relation to demand levels.	6.332	76.391	No.7
Patriotism and political linkages	5.906	82.296	No.8



Therefore financial stability enabling provision of long term credits and discounts has got the highest percentage of explained variance (18.589%) thereby presenting the most parsimonious representation of the variables attached to the selection process of suppliers of merchandise by large supermarkets. According to these findings therefore, it is the priority factor. Patriotism and political linkage is the least important factor considered in supplier selection by large supermarkets in Nairobi.

## **CHAPTER FIVE**

### **5.0 DISCUSSIONS ,CONCLUSIONS AND RECOMMENDATIONS:**

The objective of this study were: To identify the factors considered important by large supermarkets in selection of their suppliers of merchandise:To determine their relative importance and to determine the source of merchandise for large supermarkets: To achieve the stated objectives, the researcher assessed the type, severity, prevalence and the extent of the impact of the factors in supplier selection by large supermarkets.

The literature covered in this study dwelled much on supplier selection in developed countries such as United Kingdom and USA. Various factors were identified in these previous related studies. This study was not a replica of any of the previous studies but attempts to unearth factors considered important by large supermarkets in supplier selection in Nairobi.

#### **5.1 Discussions:**

The results of the Factor Analysis revealed that financial stability enabling provision of long term credits and discounts is the most important factor in supplier selection by large supermarkets. This is both familiar and intuitively obvious in a developing country such as Kenya, where there is scarcity of capital for investment. Further cash and quantity discounts enable large supermarkets to charge lower prices which they have used as a competitive strategy against other retailers such as convenience stores (Karume, 1993).

Adaptation to new technology and world class concepts such as JIT, EDI, and E-procurement are prioritized second. These are new concepts in information technology

that enable large supermarkets to efficiently provide better services to their customers as well as reducing storage costs (Ngatia, 2000). Other services large supermarkets require are bar coding by supplier of merchandise.

The supplier's involvement in aggressive advertisement and promotion of outlets is the fourth factor in order of relative importance. The large supermarkets consider this factor important because the promotions at outlets often have a sufficient improvement on levels of sales.

The supplier's corporate image to its stakeholders and social responsibility was prioritized as the fifth factor. The large supermarkets have a direct contact with customers, thus prefer to have products that are user friendly in terms of safety. For this reason the supplier should be willing to bear liability for non-conformity and non-performance of merchandise and to customer expectation was the most important fact when selecting and evaluating suppliers.

Pre-packaging to facilitate display and manufacture of store brands was prioritized as the sixth factor. Most of the large supermarkets require the suppliers to manufacture the store brands. Zi'Kmund d'Amico (1994) asserts that manufacture of store brands enhances store loyalty of customers.

Transportation of merchandise to the supermarkets, on time delivery, in relation to changing levels of demand. The large supermarkets require suppliers of merchandise who are able to provide quantities of merchandise suitable for festive seasons when

demand for goods are high. Lysons (1996) asserts that reliability in terms of conformity to promised delivery time is considered important in supplier selection.

Patriotism and political linkages was the eighth and the least important factor according to this research, even though large supermarkets as Uchumi have supported indigenous manufacturing firms such as Mumias Sugar Company as a justification for patriotism.

This study has revealed eight important factors considered important by large supermarkets in the selection of suppliers. Even though there is so much to the problem of supplier selection in retail organizations, this study provides an insight on factors considered important by large supermarkets in selection of suppliers of merchandise. Given the increasing retailer power, suppliers must learn to live with the situation and respond pro-actively to the needs of retailers (Randell 1994). None the less, good supplier-retailer relationship makes a significant contribution to a company's success in terms of supplier goodwill ,however conflicts are inevitable.

## **5.2 CONCLUSION**

The identification of factors considered important by large supermarkets in selection of their suppliers of merchandise provide valuable information in maintaining mutual relationship between manufacturers and retailers. Moreover knowledge on which factors are critical in supplier selection by large supermarkets can be used by suppliers to improve their services to supermarkets for purposes of mutual benefit.

The results from this research are gratifying to purchasers, revealing the critical roles of purchasing and supply management as supplier selection and determination of other requirements such as manufacture of store brands, joint problem solving in the retailing industry among other issues. Indeed a review of all the eight factors directly or indirectly pertains to the purchasing function in retail organizations. Thus this study has answered the research question – Other than the traditional factors that influence supplier selection such as quality and price ,what other factors are considered important by large supermarkets in selection of their suppliers of merchandise.

### **5.3 Limitations of the study:**

The research suffers from a number of limitations. A lack of descriptive model building questions of reliability of the data is a limitation. Further inadequate knowledge in purchasing and supply as discipline in LDCs (Adamson,2001) contributed to the respondents inability to responded to some questions. This called for clarification, which may have imposed some biases.

Two supermarkets refused to participate in the study claiming they had assisted several other research students hence did not have adequate time. This reduced the number of respondents from 20 to 18 (representing 94%). However, there is no reason for the researcher to feel that the participation of these two large supermarkets would have significantly altered the research findings.

The data was collected at one point in time, which would have biased the results. Possibly data would have been collected at two points in time for comparisons to enable having more objective information to make conclusions and generalizations.

One of the large supermarkets(Tuskermatt) acquired by purchase three other large supermarkets during the time of study forcing researcher to move to the 21<sup>st</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> supermarkets in order of ranking which may have resulted in biased results.

#### **5.4 Suggestions for further research:**

Firstly, a similar study should be conducted on medium sized and small supermarkets in both urban and rural areas. This would make the study more generalizable to the process of supplier selection by supermarkets in Kenya.

Additionally, a comparative study should be conducted to incorporate the differences in merchandise characteristics such as durability, precision items, household etc. Such a study would throw some light in any other factors of supermarkets considered important in selection of suppliers of merchandise depending on merchandise type.

**APPENDIX I**

**TO WHOM IT MAY CONCERN**

Dear Respondent,

**RE: REQUEST FOR DATA:**

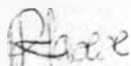
I am a postgraduate student at the University of Nairobi. In partial fulfillment of the requirement for the award of the Masters of Business Administration (MBA), I am conducting a study on **'FACTORS CONSIDERED IMPORTANT BY LARGE SUPERMARKETS IN SELECTING THEIR SUPPLIERS OF MERCHANDISE, A CASE OF LARGE SUPERMARKETS IN NAIROBI'**

Your organisation has therefore been selected to form part of this study. To this end ,I kindly request your assistance in completing the questionnaire and provide any other relevant information necessary to this study

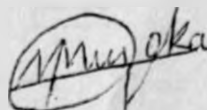
The information and the data provided will be used for academic purposes only and will be treated in strict confidence .A copy of the research will be made available to your organisation upon request.

Your co-operation will be highly appreciated.

Yours faithfully,



**ROSE MASESE  
MBA STUDENT**



**DR R.M MUSYOKA  
SUPERVISOR**

APPENDIX II

QUESTIONNAIRE

To be filled by Purchasing and Supply Manager or Personnel at the supermarket.

SECTION I

1. Name of your supermarket.....
2. Year of establishment .....
3. How many branches of supermarkets do you have in Nairobi? (Please tick one)  
One                                      Two                                      More than two
4. How do you purchase (buy) your merchandise  
 Centrally                                       Decentrally
5. How would you classify the ownership of your institution (Tick as appropriate)  
(i) Foreign                                        
(ii) Locally owned                                        
(iii) Joint ownership
6. For the case local and national suppliers where do you obtain your merchandise (Tick as appropriate)  
(i) From wholesalers only                                        
(ii) From wholesalers and distributors                                        
(iii) From distributors and manufacturers                                        
(iv) From manufacturers only                                        
(v) Others (Specify) \_\_\_\_\_
7. For the case of imported merchandise where do you obtain your merchandise (Tick as appropriate)  
(i) From wholesalers only                                        
(ii) From wholesalers and distributors                                        
(iii) From distributors and manufacturers                                        
(iv) From manufacturers only                                        
(V) Others specify \_\_\_\_\_



## SECTION II

Please kindly tick to indicate which of the statements are important to your supermarket as they relate to selection of suppliers of merchandise.

		Very Important	Important	Somewhat important	Not Import.	Not at all Import.
8.	The suppliers offering products that meet the wants needs of stores customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	The suppliers ability to provide long term credit terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	The suppliers attained accreditation like the ISO 9002	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	A supplier with a strong financial base and equity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	The suppliers ability to supply merchandise with respect to quantity demanded that is provide more merchandise as sales increase to avoid stockouts (under normal and emergency circumstances) due to increased demand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	The suppliers willingness and ability to transport merchandise to the supermarket.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	The suppliers ability to install Electronic Data Interchange to enable e-procurement in placing orders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	The replacement of breakages or damaged merchandise by suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	Buying from local and National suppliers as justification for patriotism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.	The suppliers reputation for conforming with promised delivery time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Very important	important	somewhat important	Not import	Not at all important
18. The suppliers reliability in delivering merchandise that checks or matches the specifications provided by supermarkets in the orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. The suppliers ability and willingness to handle complaints fairly and promptly to enhance mutual manufacturer - retailer relationship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. The suppliers that charged the lowest ultimate price and provide larger profit margins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. The suppliers link with powerful political personalities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. The suppliers ability to provide cash or quantity discounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Suppliers promotion of social responsibility by providing products that are environmental friendly in terms of packaging and so on.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. The Suppliers adaptation of world class concepts like JIT and TQM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. The Suppliers that furnish retailers with advertising and display materials and make available advertising allowances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. The Suppliers involvement in aggressive advertising campaigns to inform remind and persuade consumers to buy their brands.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Very important	important	somewhat important	Not important	Not at all important
27.	The availability of several or other existing product lines from a suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28.	The suppliers involvement in sales promotion activities to promote sales and demand at supermarket outlet.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29.	The cleanliness and general outlook of the suppliers processing plant especially those supplying foodstuffs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30.	The durability of the merchandise shelf life. The merchandise should have a longer shelf life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31.	A supplier of merchandise with a general good reputation and public image in the society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32.	Suppliers Pre-packaging of assortments in ways that facilitate display	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33.	The willingness and readiness of the supplier to manufacture store brands or private labels for the supermarket.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34.	The suppliers involvement in provision of technical personnel at the point of sale for electronic appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35.	The suppliers willingness to bear liability for non-conformity and non-performance of merchandise and readiness to pay store's customers for damages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36.	Technological and quality competition resulting from identifying supplier who excels in good ideas, design and production techniques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

very  
important

somewhat  
important

Not  
important

Not at all  
important

important

37. Service competition resulting from identifying those suppliers who are willing to add "plus" values over and above functional value of quality and price
38. The suppliers readiness and willingness to replace expired stock items or share in costs when prices are reduced to enhance sales
39. The suppliers distribution policy on its products, that no other retailer shall sell the product

**THANK YOU FOR YOUR CO-OPERATION**

APPENDIX III:

TABLE 4.13

Rotated Component Matrix(1)									
	Component								
	1	2	3	4	5	6	7	8	
V30	.952	-	6.261 E-02	9.716 E-02	-	4.321 E-02	.128	3.903 E-02	2.264E -02
V1	.126	-	8.502 E-02	.655	2.356 E-02	8.934 E-02	6.989 E-02	-	-.347
V31	.744	-	-.210	.158	-.155	9.627 E-03	.302	-	.120
V2	.728	-	.104	-.257	5.898 E-02	.273	.158	-	.264
V20	.403	-	-.801	1.812 E-02	-.246	-.105	-.285	-	.414
V3	.587	-	.172	.143	.839	.387	3.022 E-02	-	.290
V23	6.77 9E- 02	.394	9.946 E-02	.751	2.391 E-02	.240	.118	-	9.632E -03
V16	-	.208	.197	7.208 E-02	.797	.133	2.302 E-02	-	4.419E -02
V32	.289	-	.361	.178	3.782 E-02	.722	-.102	-	.161
V6	.565	-	2.500 E-02	.154	7.685 E-02	.174	.936	-	1.697E -02
V14	-	.524	5.188 E-02	-.358	.415	7.528 E-02	-.279	-	.754
V9	-	.507	6.085 E-02	-.346	.451	.122	7.488 E-02	-	-.339
V21	5.15 4E- 02	.278	-.828	6.671 E-02	.120	-.204	.292	-	4.902E -03
V17	2.71 0E- 03	.676	.112	-.212	.305	.237	.177	-	6.643E -02
V7	-	.737	.589	.122	.379	.187	-.230	-	.192

	4.87							
	5E-							
	02							
	9.57							
V25	8E-	.382	-.441	.876	.387	.864	2.175	4.133E
	02						E-02	-02
V22		.437	.567	8.636	.718	-.227	5.106	.142
	.259			E-02			E-02	
V29	.455		.483	.160	.274	.176	-.369	.302
		.895						
V10	6.81	7.83						
	4E-	3E-	-.135	.814	-.105	6.928	.822	.398
	02	02				E-02		
V12	.552							3.720E
		.102	3.633	.779	.859	1.462	.140	-02
			E-02			E-02		
V5	.489		-.206	.679	7.568	2.835	-.110	5.339E
		.154			E-02	E-02		-02
V11	.214		.112	.789	.337	-.113	-.158	8.807E
		.212						-02
V26	.481	.213	-.247	-.571	.365	-.842	.204	5.703E
								-02
V27		9.33						
	.832	6E-	.177	-.191	.486	-.132	-.136	-.106
		02						
V28		7.92		1.830				
	.187	4E-	1.240	E-02	-.754	-.436	5.127	-.125
		02	E-02				E-02	
V13	.636					7.409		
		.310	2.265	-.370	-.550	E-02	-.224	1.242E
			E-02					-03
V24	3.06	3.15						
	1E-	6E-	.172	-.106	.711	.119	5.314	4.856E
	02	02					E-03	-02
V4	.773	.286	.283	.158	.102	.650	2.365	-.180
							E-02	
V15	.761	2.36	-.143	5.472	4.370	2.717	.157	8.062E
		1E-		E-02	E-02	E-02		-02
		02						

<b>V19</b>	-	3.10	-					
	.319	6E-02	-.733	.299	8.161 E-02	3.444 E-02	.574	.811
<b>V8</b>								
	.744	2.66 5E-02	.137	.160	1.797 E-02	9.984 E-02	7.506 E-02	.938
<b>V18</b>								
	.117	9.73 2E-02	.835	6.512 E-02	.123	8.132 E-02	.193	8.890E-02

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 1 Rotation converged in 29 iterations.

Principal Component Analysis Table 4.15

Component Matrix(1)								
	Component							
	1	2	3	4	5	6	7	8
V6	.881	1.922 E-03	6.640E -02	-.122	.174	.161	-.250	-.184
V3 0	.797	.269	.372	-.137	9.127E -02	-.165	.106	.184
V3 1	.778	-.134	.346	1.452 E-02	-.156	4.656E -02	6.741 E-02	-.161
V2	.764	.282	.173	-.402	2.236E -02	.141	.147	-.252
V1 4	-.752	.320	.154	7.924 E-02	2.122E -02	-.163	.196	2.642 E-02
V1 6	.731	.143	.261	5.854 E-03	-.176	-.293	-.302	5.371 E-02
V1 6	-.727	.367	.265	.366	-.229	.122	.130	3.671 E-02
V3 2	.706	.293	-.347	5.125 E-02	.477	2.798E -02	-.123	1.853 E-02
V1 2	.703	3.658 E-02	.237	.578	1.782E -02	2.939E -02	9.192 E-02	.169
V2 0	.703	5.575 E-02	8.437E -02	-.102	8.839E -02	-.262	.537	.110
V3	.691	.475	.218	5.658 E-02	-.222	.102	.129	-.150
V5	.638	-.173	.207	.400	.170	-.234	6.740 E-02	.457
V9	-.605	.193	.472	-.272	.165	-.210	-.108	.251
V2 2	-.565	.474	-.128	.197	2.345E -02	5.990E -03	.249	6.060 E-02
V2 7	-.498	.374	.131	1.343 E-02	.431	-.412	-.145	-.194
V7	-.145	.821	-.159	.277	5.020E -02	7.272E -03	4.620 E-02	7.506 E-02



V1 7	-.213	.775	3.494E -03	-.161	.292	.255	-.120	5.982 E-02
V2 9	.447	.730	8.750E -02	.150	4.091E -02	-.202	.162	5.350 E-02
V2 1	-.237	-.692	.565	1.945 E-02	9.089E -03	-.111	.114	-.166
V4	.150	.610	.392	9.169 E-02	-.389	.273	-.232	.152
V1 9	-.111	-.584	.305	.330	.147	.321	-.229	-.273
V2 6	1.303 E-02	5.847 E-02	.691	-.567	.175	-.195	.144	8.658 E-02
V2 5	-.231	-.234	.646	.166	-.140	-.297	4.812 E-02	9.918 E-02
V2 8	4.613 E-02	-.511	-.573	5.710 E-02	-.319	5.384E -02	8.021 E-02	.182
V2 3	-.541	6.872 E-02	.564	7.482 E-02	-.150	.239	.246	.388
V1 5	.265	-.293	.476	-.144	.329	.475	2.289 E-02	-.161
V1 0	.233	-.193	6.461E -02	.799	.152	.253	.175	.178
V1 3	.465	-.149	-.286	-.605	-.162	5.285E -02	.205	.321
V1 1	.323	.213	1.361E -02	.546	1.500E -02	-.349	-.280	-.127
V1 8	1.197 E-02	-.148	7.415E -02	5.469 E-02	.868	5.320E -02	6.294 E-02	.392
V2 4	2.475 E-02	.503	.227	-.189	-.105	.504	-.216	.174
V8	.289	.140	5.577E -02	.327	.300	.188	.753	-.244

Extraction Method: Principal Component Analysis.  
19 components extracted.

### Component Transformation Matrix Table

<b>Component Transformation Matrix</b>								
<b>Component</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>1</b>	.72	-	.00	.28	-	.07	.06	.14
	2	.556	2	3	.24	2	1	1
					6			
<b>2</b>	.22	.117	.73	-	.39	.38	-	.08
	2	6	3	.07	8	0	.25	7
<b>3</b>	.45	.466	.43	-	.41	.27	.34	-
	9	3	4	.00	9	0	7	.06
								8
<b>4</b>	-	.18	.185	.01	.90	.17	-	.22
	2	5	0	0	0	.09	.01	7
						7	0	
<b>5</b>	-	.17	-	.14	.02	.41	-	.26
	8	.318	2	8	3	.14	.26	.21
						2	6	2
<b>6</b>	-	.25	.060	.19	.01	-	.54	.61
	1	0	0	5	.41	.54	.61	.23
					1	9	1	0
<b>7</b>	.15	.345	.05	.21	.20	.21	.19	.82
	5	0	0	0	1	5	6	0
<b>8</b>	.08	.343	.09	.24	-	.17	-	-
	6	8	8	3	.41	.17	.33	.31
					9	8	5	3
<b>9</b>	.24	.291	.45	-	-	-	.46	-
	3	0	0	.00	.14	.60	.46	.21
				6	0	8	3	9

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.

	V1	V2	V3	V4	V5	V6	
Correlation	V1	1.000	.521	.545	.333	.542	.676
	V2	.521	1.000	.807	.322	.156	.751
	V3	.545	.807	1.000	.599	.309	.577
	V4	.333	.322	.599	1.000	.061	.153
	V5	.542	.156	.309	.061	1.000	.415
	V6	.676	.751	.577	.153	.415	1.000
	V7	-.033	.007	.344	.415	-.184	-.179
	V8	-.130	.307	.369	-.092	.120	.149
	V9	-.212	-.338	-.323	.120	-.285	-.488
	V10	-.059	-.133	.168	.033	.542	.135
	V11	.354	.052	.288	.186	.373	.232
	V12	.686	.282	.519	.267	.791	.591
	V13	.157	.502	.245	-.089	.073	.361
	V14	-.570	-.362	-.276	.090	-.547	-.681
	V15	.157	.356	.056	.011	.073	.452
	V16	-.400	-.518	-.204	.324	-.422	-.700
	V17	.017	.103	.117	.431	-.350	-.040
	V18	-.176	-.109	-.314	-.300	.325	.045
	V19	-.150	-.229	-.150	-.221	.055	.069
	V20	.485	.574	.497	-.069	.447	.464
	V21	-.166	-.265	-.350	-.291	.028	-.174
	V22	-.333	-.378	-.258	.041	-.454	-.565
	V23	-.294	-.375	-.168	.267	-.108	-.585
	V24	-.067	.263	.264	.610	-.124	.155
	V25	.027	-.190	-.121	.123	.050	-.249
	V26	.150	.396	.150	.068	-.055	.069
	V27	-.202	-.249	-.180	.000	-.248	-.309
	V28	-.081	-.156	-.241	-.292	-.068	-.085
	V29	.364	.449	.583	.309	.224	.279
	V30	.804	.760	.723	.378	.578	.657
	V31	.651	.632	.523	.171	.530	.660
	V32	.373	.548	.431	-.008	.393	.734

		V7	V8	V9	V10	V11	V12
Correlation	V1	-.033	-.130	-.212	-.059	.354	.686
	V2	.007	.307	-.338	-.133	.052	.282
	V3	.344	.369	-.323	.168	.288	.519
	V4	.415	-.092	.120	.033	.186	.267
	V5	-.184	.120	-.285	.542	.373	.791
	V6	-.179	.149	-.488	.135	.232	.591
	V7	1.000	.257	.109	-.033	.286	-.049
	V8	.257	1.000	-.372	.454	.028	.236
	V9	.109	-.372	1.000	-.386	-.141	-.436
	V10	-.033	.454	-.386	1.000	.354	.686
	V11	.286	.028	-.141	.354	1.000	.516
	V12	-.049	.236	-.436	.686	.516	1.000
	V13	-.312	-.043	-.187	-.197	-.186	-.029
	V14	.297	-.126	.569	-.160	-.098	-.532
	V15	-.379	.152	-.013	.157	-.034	.229
	V16	.421	-.031	.469	.114	-.025	-.208
	V17	.685	.038	.343	-.294	-.104	-.202
	V18	-.100	.194	.232	.176	-.152	.000
	V19	-.290	-.033	-.010	.391	-.026	.175
	V20	-.137	.468	-.338	.121	.052	.442
	V21	-.660	-.067	.293	.106	-.169	-.044
	V22	.451	.128	.252	-.072	-.012	-.295
	V23	.100	-.065	.617	.059	-.354	-.171
	V24	.190	-.148	.154	-.067	-.116	-.098
	V25	-.169	-.075	.338	.027	.047	.040
	V26	-.170	-.116	.498	-.391	-.207	-.175
	V27	.343	-.111	.496	-.202	.000	-.294
	V28	-.321	-.105	-.401	.052	-.082	-.021
	V29	.549	.401	-.119	.000	.469	.265
	V30	-.054	.150	-.197	.068	.223	.635
	V31	-.300	.233	-.466	.106	.182	.551
	V32	.166	.293	-.384	.133	.332	.369

Correlation Matrix

		V13	V14	V15	V16	V17	V18
Correlation	V1	.157	-.570	.157	-.400	.017	-.176
	V2	.502	-.362	.356	-.518	.103	-.109
	V3	.245	-.276	.056	-.204	.117	-.314
	V4	-.089	.090	.011	.324	.431	-.300
	V5	.073	-.547	.073	-.422	-.350	.325
	V6	.361	-.681	.452	-.700	-.040	.045
	V7	-.312	.297	-.379	.421	.685	-.100
	V8	-.043	-.126	.152	-.031	.038	.194
	V9	-.187	.569	-.013	.469	.343	.232
	V10	-.197	-.160	.157	.114	-.294	.176
	V11	-.186	-.098	-.034	-.025	-.104	-.152
	V12	-.029	-.532	.229	-.208	-.202	.000
	V13	1.000	-.259	.053	-.593	-.202	.000
	V14	-.259	1.000	-.259	.710	.288	-.068
	V15	.053	-.259	1.000	-.191	.058	.354
	V16	-.593	.710	-.191	1.000	.369	-.229
	V17	-.202	.288	.058	.369	1.000	.207
	V18	.000	-.068	.354	-.229	.207	1.000
	V19	-.322	-.198	.402	.029	-.353	.090
	V20	.527	-.376	.041	-.471	-.303	.000
	V21	-.192	.076	.354	.059	-.591	.045
	V22	-.416	.511	-.242	.731	.480	-.130
	V23	-.275	.434	.079	.686	.190	.059
	V24	.045	.130	.045	.196	.375	-.067
	V25	-.399	.263	.091	.303	-.259	.000
	V26	.141	.303	.412	-.029	.115	.180
	V27	-.472	.626	-.270	.360	.415	.202
	V28	.483	-.220	-.049	-.250	-.346	-.110
	V29	.000	-.141	-.243	-.059	.321	-.121
	V30	.392	-.386	.228	-.371	.016	-.041
	V31	.172	-.663	.445	-.515	-.311	-.136
	V32	.365	-.475	.045	-.647	.172	.319

## Correlation Matrix

		V19	V20	V21	V22	V23	V24
Correlation	V1	-.150	.485	-.166	-.333	-.294	-.067
	V2	-.229	.574	-.265	-.378	-.375	.263
	V3	-.150	.497	-.350	-.258	-.168	.264
	V4	-.221	-.069	-.291	.041	.267	.610
	V5	.055	.447	.028	-.454	-.108	-.124
	V6	.069	.464	-.174	-.565	-.585	.155
	V7	-.290	-.137	-.660	.451	.100	.190
	V8	-.033	.468	-.067	.128	-.065	-.148
	V9	-.010	-.338	.293	.252	.617	.154
	V10	.391	.121	.106	-.072	.059	-.067
	V11	-.026	.052	-.169	-.012	-.354	-.116
	V12	.175	.442	-.044	-.295	-.171	-.098
	V13	-.322	.527	-.192	-.416	-.275	.045
	V14	-.198	-.376	.076	.511	.434	.130
	V15	.402	.041	.354	-.242	.079	.045
	V16	.029	-.471	.059	.731	.686	.196
	V17	-.353	-.303	-.591	.480	.190	.375
	V18	.090	.000	.045	-.130	.059	-.067
	V19	1.000	-.248	.549	-.318	.150	-.172
	V20	-.248	1.000	-.031	-.388	-.243	-.139
	V21	.549	-.031	1.000	-.205	.348	-.294
	V22	-.318	-.388	-.205	1.000	.333	.017
	V23	.150	-.243	.348	.333	1.000	.202
	V24	-.172	-.139	-.294	.017	.202	1.000
	V25	.319	.112	.579	-.147	.298	-.062
	V26	-.031	.155	.356	-.081	.301	.069
	V27	-.103	-.416	.000	.397	.067	-.077
	V28	-.004	.076	-.059	-.132	-.272	-.497
	V29	-.558	.375	-.561	.179	-.243	.277
	V30	-.327	.702	-.186	-.278	-.150	.171
	V31	-.008	.530	.160	-.406	-.197	.017
	V32	-.272	.384	-.548	-.308	-.692	.152

## Correlation Matrix

		V25	V26	V27	V28	V29	V30
Correlation	V1	.027	.150	-.202	-.081	.364	.804
	V2	-.190	.396	-.249	-.156	.449	.760
	V3	-.121	.150	-.180	-.241	.583	.723
	V4	.123	.068	.000	-.292	.309	.378
	V5	.050	-.055	-.248	-.068	.224	.578
	V6	-.249	.069	-.309	-.085	.279	.657
	V7	-.169	-.170	.343	-.321	.549	-.054
	V8	-.075	-.116	-.111	-.105	.401	.150
	V9	.338	.498	.496	-.401	-.119	-.197
	V10	.027	-.391	-.202	.052	.000	.068
	V11	.047	-.207	.000	-.082	.469	.223
	V12	.040	-.175	-.294	-.021	.265	.635
	V13	-.399	.141	-.472	.483	.000	.392
	V14	.263	.303	.626	-.220	-.141	-.386
	V15	.091	.412	-.270	-.049	-.243	.228
	V16	.303	-.029	.360	-.250	-.059	-.371
	V17	-.259	.115	.415	-.346	.321	.016
	V18	.000	.180	.202	-.110	-.121	-.041
	V19	.319	-.031	-.103	-.004	-.558	-.327
	V20	.112	.155	-.416	.076	.375	.702
	V21	.579	.356	.000	-.059	-.561	-.186
	V22	-.147	-.081	.397	-.132	.179	-.278
	V23	.298	.301	.067	-.272	-.243	-.150
	V24	-.062	.069	-.077	-.497	.277	.171
	V25	1.000	.305	.140	-.207	-.252	-.031
	V26	.305	1.000	.310	-.403	-.093	.390
	V27	.140	.310	1.000	-.455	.000	-.234
	V28	-.207	-.403	-.455	1.000	-.455	-.213
	V29	-.252	-.093	.000	-.455	1.000	.505
	V30	-.031	.390	-.234	-.213	.505	1.000
	V31	.014	.217	-.519	-.127	.281	.697
	V32	-.503	-.157	-.046	-.117	.576	.456

		V31	V32
Correlation	V1	.651	.373
	V2	.632	.548
	V3	.523	.431
	V4	.171	-.008
	V5	.530	.393
	V6	.660	.734
	V7	-.300	.166
	V8	.233	.293
	V9	-.466	-.384
	V10	.106	.133
	V11	.182	.332
	V12	.551	.369
	V13	.172	.365
	V14	-.663	-.475
	V15	.445	.045
	V16	-.515	-.647
	V17	-.311	.172
	V18	-.136	.319
	V19	-.008	-.272
	V20	.530	.384
	V21	.160	-.548
	V22	-.406	-.308
	V23	-.197	-.692
	V24	.017	.152
	V25	.014	-.503
	V26	.217	-.157
	V27	-.519	-.046
	V28	-.127	-.117
	V29	.281	.576
	V30	.697	.456
	V31	1.000	.253
	V32	.253	1.000



## Appendix IV: List of Supermarkets in Nairobi

1	Uchumi	48	MITO	95	Victory
2	Nakumatt	49	Mount Kenya sundries	96	Vantage
3	Tusker Mattresses	50	Budget	97	Stella
4	Ukwala	51	South C	98	Amil and dryesh
5	Select n'Play	52	Tesco	99	Geska
6	Mesora	53	Tirana	100	Green Forest
7	Jack and Jill	54	Tolleys & Baskets	101	Donholm star shop
8	Fairlane	55	JOJA Ks	102	White Star
9	Safeways	56	Fair Price	103	Jazeer
10	Chandarana	57	Harrys	104	Kilimani Grocers
11	Magic	58	Salisbury	105	Elipa
12	Mega Market	59	Shopping paradise	106	Kimani
13	Fairdeal	60	Mega & Mecca	107	Woodley grocers
14	City Mattresses	61	Ngara	108	Rose Jam
15	Metro Cash and Carry	62	Mis Whole store	116	K & A
16	Sheela	63	Midas Touch	117	Gulabchant
17	Woolworths	64	Trichem	118	Goodfar Stores
18	Ebrahims	65	Seven Eleven	119	Ronnys
19	Rikana	66	Lucky shop	120	Gren spot
20	Tristar	67	Bist provision store	121	Porarim
21	Mumsies	68	Lucky and sons	122	Tihana
22	Lucky Star	69	Continetal	123	Susu
23	Country mattresses	70	Rose collection	124	Kamindi
24	Baranuki	71	Mathare	125	Ridgeways
25	Peponi Grocers	72	Flora Petty	126	Umoja
26	Stella	73	Kieni	127	Sunrise
27	Muthaiga	74	Centalite	128	George
28	Snatish	75	The Good Earth	129	Juja road
29	Gigiri	76	African Grocers	130	Pangani
30	Starehe	77	Uchuzi	131	Sikendo Grocers
31	Schilada	78	Alliance	132	Baobab Mini
32	Nova	79	Sheere	133	P & Shah
33	New Westlands	80	Robert Ondieki	134	Mumbi
34	Deepak cash & Carry	81	Dry House Holdings	135	Fontana
35	Queensway	82	New Ricken shopper	136	Fairose
36	Continental	83	Rajesh Gloria	137	Chemusia
37	Karen	84	Well brand	138	Kenton
38	Spring Valley	85	Market ways	139	Decoy's Discount
39	Westlands General store	86	Ngara Road	140	Tricor
40	Super Value	87	Lilian Rahisi	141	Pop-in
41	Spicy Spice	88	Mwiki	142	Joss
42	Ongata Rongai	89	Fransa	143	Hurlingham Grocers
43	Umoja Mini	90	Datelvey	144	Calendermiam
44	Maridadi	91	Rafaels	145	Sippys
45	Eastleigh Mattresses	92	Hollifield Supermarket	146	Versani
46	Muthaite	93	Jojan	147	Furaha
47	Roysambu Grocers	94	Cheeji	148	Save More

149	Shafius	164	Angelas
150	A & D	165	Better Price
151	Quick Pick	166	Broadway
152	Vijiko	167	Evergreen
153	Susy	168	Keinani
154	Faine Fayne	170	Frankaal
155	Corner	171	Bashi
156	Acacia	172	Toyo
157	Borno	173	African Groocers
158	Choices	174	Super value
159	Supra	175	Macson
160	Nafroni	176	Star supermarkets
161	Jeska	177	New Westlands stores
162	Alfany	178	Foodies
163	Marta	179	Parklands Pricele Ltd
		180	Njonde

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