PRODUCT MANAGEMENT AND RETAILER EXPECTATIONS ON THE SALE OF CONSUMER GOODS IN KENYA

Perspectives on Emerging Roles of Retailers from Supermarkets in Kisii Town

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Abstract

In today’s rapidly changing commercial world, ‘retail design’ is taking on greater importance than ever before, both in terms of selling a company’s products and promoting an organisation’s corporate identity hence, evolution of emerging roles such as effect on pricing, product planning and development, promotion of products and physical distribution of goods. The purpose of this study was to investigate the effects of retailers emerging roles on the sale of consumer goods in Kenya, case study of supermarkets in Kisii town. The study employed descriptive survey. The study population was all the employees of the supermarkets in Kisii town. Data was gathered by use of structured questionnaires. Data analysis was performed using both qualitative and quantitative techniques. The findings revealed that: the supermarkets had larger capital investment, asset value and sales turnover, the supermarkets had product specialization designed to meet the demands of their customers as per the supermarket’s locality. The study also revealed that all the supermarkets used customers’ satisfaction, market positioning, customers’ loyalty, new products planning, product acceptance, product life cycle, supplies offering, pricing of other competitors and new technology to great extent in managing the sales of their consumer products. Based on the findings it was concluded that retailers emerging roles had an effect on the sale of consumer goods. The study recommended that although the supermarkets had larger capital investment, asset value and sales turnover, they should make more efforts to improve much more on capital investment, asset value and sales turnover for these are functions of profitability. It was also recommended that the supermarkets should carry out more research to establish diversity of the products they stock aligned along side the customers’ ever changing needs. It was also recommended that although all the supermarkets used customers’ satisfaction by for example new products planning, product acceptance, product life cycle, that much more efforts should be done to achieve higher results especially in scrambled merchandizing moderately in managing the sales of their consumer products. It was also recommended that the supermarkets should invest more on the following aspects which are the riders of high sales volume; introduction of new brands related to the previous ones, adding new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality and more so in gaining new product’s acceptance and margin potential of rival brands.

Keywords: Retailers, Sale of Consumer Goods & Emerging Roles
1. Introduction

1.1 General Background

About four and half decades ago McVey (1960) raised the issue of the retailer’s role in the marketing channel. He argued that the retailer tended to view themselves more as the buying agent for their customers than as the selling agent for their suppliers, (McVey 1960). Developments in the retail sector over the last forty – five years as well as current developments and those, which will occur in the future (Alanne, 1996), suggest that McVey’s observation is increasingly accurate. Retailers in many lines of trade are becoming a more dominant and independent force in the marketing channel.

Crucial in attaining this, is the renewed importance that is being placed on the customers ‘shopping’ experience. Point of sale (P-O-S) and point of Purchase (P-O-P) design are major means being implemented by companies to successfully achieve this (Andres, Edward & Matthew (1998).

The retail industry is heavily influenced by changes within the consumer market. As more companies compete at an increasingly equal level in terms of product quality, costs and aesthetics, alternative means must be devised in order to define and differentiate a brand. The palpable way to do this is at the point of interaction between the consumer and the product. Subsequently, the role of the retail store is no longer to simply display and sell products but to promote and distinguish a company through successful ‘shopping experience’ (Meyer, 1962).

Retail marketing is therefore the retailer’s opportunity to present products to their customers in an informative and often entertaining way. The retailer directly benefits from the brand marketers campaign and provides the consumers with a means in which to recognise the brands for which they will ultimately form a sustained preference.

1.2 Product Management and Retailer Expectations

Retailers in many lines of trade are no longer content to let the manufacturer dominate in the development of new products. More retailers now have the marketing expertise to help determine what kinds of new products are right for the market segments they serve (Czepei, 1977).

One case in point involved the development of a highly successful no-wax tile for the do-it yourself by a major floor-covering manufacturer. Prior to the introduction of the tile, the no-wax vinyl flooring was available only in large 6 or 12-foot sheets cut from a large roll. Retailers of these products soon learned that the home handyman was not buying the product because he was not capable of installing in it this form. Several of the retailers requested that the manufacturer develop the product in 12 x 12 inch tile form for the home handyman, the manufacturer complied and the product was highly successful. The production line was therefore speeded up by the consumption line (Committee for Economic Development, U.S.A, 1961).

Failure on the part of manufacturers and supplies to consider the retailer’s potential contributions for new product ideas is likely to lead to increased development by retailers of their own products. The introduction of the so called no frills products by a number of supermarket chains is a good example of the retailer’s capacity to respond with new product offering aimed at a growing segment of the market which national brand manufacturers were apparently overlooking (Lisesey, 1978).

It is not enough for a new product to be acceptable only to consumers. More than ever, the product must also be acceptable to the retailers through whom it passes (Gearing, 1978). Gaining such retailers’ acceptance, however, is going to be increasingly difficult in the future because retailer standards and requirements for product acceptance are becoming more stringent and sophisticated.

In supermarket retailing, for example, the battle for shelf space has become fierce than ever. A poll of supermarket executives taken by Progressive Grocer magazine showed that, supermarkets have increasingly more sophisticated and uniform ideas about what kinds of products they are willing to accept (Category, 1978). They want products that have either a demonstrated history or show obviously strong potential for high margins, high turnover, good impulse buying potential, stableness, and that take up relatively little space. Suppliers will have to do an especially effective job of making a case for their products meeting these criteria if they hope to gain supermarket acceptance in the future.

Drug retailers especially the large chain, voluntary and cooperative organisations which now dominate drug retailing have equally stringent criteria for accepting new products in their stores. But they now also take note of more subtle criteria such as a product’s ability to attract customers into their stores. General merchandise chains and department stores have also become more demanding in their acceptance of new products. For example, some are taking a conservative “wait and see” attitude in stocking expensive personal computers, which their manufacturers believe, will be a hot, even booming
item in the near future (Personal, 1978). However, to an increasing extent, these retailers are more inclined to rely on their own analysis of the market for these products than on manufacturer hype. Retailers therefore think from the customer’s point of view. In order to do so, they organise product information according to the customer’s probable thinking when making buying decisions. While, the particular values being considered vary with the customer and the merchandise, product information can be organised under the following major areas; users of the product, what the customers need and want from the product, how well it fills the customer’s needs and wants, where it should be purchased from, when it should be bought, the price it should be bought, how it should be used and how it should be cared for.

Need for product information is determined by the kind of goods. Usually, a customer wants much less information from a salesperson about convenience goods such as coffee and salt. He will require more information on shopping goods, goods that require shopping for before purchasing popularly referred as ‘window shopping’ such as refrigerators. He will also require more information on speciality goods such as high-grade watches, men’s better grade suits, and fine china (Quelch, 1996). Retailers obtain product information mainly from direct expenses, other people, literature on the product and from incidental sources such as at the movies, state fair or exhibitions, newspapers, broadcast (Radio, TV) and even the record player. To sum up, larger and more sophisticated retailers with their more stringent product acceptance criteria will play a larger role in determining which products move through the distribution channel strategies for gaining retailer acceptance of new products to a much higher level if they expect to reach consumers effectively through major retail outlets.

Scrambled merchandising will continue to play a major role in fostering wider and more unusual merchandise assortments among retailers. This is the tendency among retailers to add profitable new merchandise lines/items that give the customer the advantage of “one – stop” shopping. For instance, today, some food supermarkets are small department stores, carrying profitable lines of hardware, house wares, garden supplies, toys, furniture, and even clothing (Business Post, December/January 2007).

This new concept of retailing calls for personnel who study customer buying habits and who merchandise with imagination. Rather than let the scrambled merchandise assortments evolve on a haphazard basis, more retailers are taking a conscious and active part in the broadening or scrambling of their merchandise assortments, that is, retailers are taking more of a leadership role in initiating changes in the kinds of merchandise they will add to their assortments. For instance, several major drug chains recently added a broad line of auto parts and supplies. According to executives in one of these drug retailers, the decision to carry the new line of auto spares and supplies was based on analysis of the market by the drug chain (Gearing, 1978). The research showed that the potential buyers for auto parts and supplies were coming not only from the ranks of blue-collar workers but from the mainstream of the drug chains customers including many professional and upper income consumers. Hence, the decision to add the new line of products was based on an analysis by the retailer of his markets rather than cajoling from suppliers. This is likely to become a common pattern in the future as retailers become more sophisticated in using the tools of market research and more adept at making merchandise assortment decisions on research rather than a trial and error basis.

Astute suppliers seeking to sell merchandise through unusual types of retail outlets, will improve their chances of gaining retailer acceptance if they recognize that retailers will be expecting more research based facts about the potential of a new line of merchandise and less glib talk about great potential that is unsubstantiated (Readon, 2004).

The retailer plays a critical role in a product’s success as it moves through the product life cycle. In the introductory stage, strong retailer acceptance can make the difference between the product dying or moving into the growth stage. As the product enters the growth stage, continued support and the maintenance of adequate inventories by the retailer helps to nurture the growth of the product. In the maturity stage, further support by the retailer can help to prolong the life of the product by keeping it available to the consumer.

Retailers, however, are becoming increasingly sensitive to the strategic merchandising implications of the product life cycle. Greater inventory management sophistication and vastly improved computer based inventory monitoring and control systems, merchandising of check – out – counts operation and budgeting of sales and purchases, as well as control of expenses have made this possible. Retailers are now able to monitor the success or failure of products much more closely than was feasible just a few short years ago. For instance, if a newly introduced product in their stores is not selling fast, they will know about it – and very quickly. When the rate of sales growth of successful product begins to slow down, they are able to spot this pattern at a very early stage. Products whose sales are
stagnant are hardly likely to go unnoticed. On the other hand, retailers also spot hot selling products more quickly and reorder more rapidly. A case in point involved a buyer for Penny’s who had bought a new toy product called Slime (Slom, 1977). With the electronic scanner device and sophisticated inventory management system used by Penny’s, the buyer knew in days the exact sales for the product in various Penny’s store units. A large reorder was placed immediately. According to the buyer, this reorder was placed weeks earlier than would have been the case under the previous less sophisticated inventory management system.

Thus, better inventory management made possible through sophisticated computer based hardware in use by retailers is a two-edged sword for suppliers. On one edge, quicker responses by retailers to fast-selling products can allow suppliers more time to plan ahead to increase production. But, on the other edge, the retailer’s faster response to slow sellers can mean a sudden, widespread halt in orders instead of gradual phase-out. Computers and calculators are desired to be important merchandising tools that will help retail-store executives gather figures and make computations to serve as the basis for decisions and store planning.

The retailer’s role in the manufacturer’s (supplier’s) pricing strategy has been given comparatively little attention (Cherington, 1999). The manufacturer’s pricing strategies tend to focus mainly on consumer demand, competitive, and cost considerations. Little attention has been paid to the retailer’s viewpoint when pricing decisions are made. Retail pricing factors such as desirability of goods, competition, pricing customers, service policies, and kind of merchandise are sometimes ignored by manufacturers with the selling price lines. With the growing size and sophistication of retailers, this situation is now changing. Retailers are taking a more critical look at their suppliers’ pricing policies in terms of how they affect retailing. In short, retailers increasingly want pricing strategies that are consistent with their particular needs and that help them to achieve their own objectives. They are less likely to acquiesce to supplier pricing policies which they feel are not in their best interests (Meyer, 1962, Rosenbloom, 1979). Several issues discussed below are illustrative of the kinds of needs and expectations that retailers have with regard to supplier pricing.

1.3 Adequate Margins

While provision for adequate margins has always been a key demand of retailers, their expectations have increased and they have become more stringent in evaluating suppliers’ offerings in terms of margin potential. Retailers are in a stronger position to make suppliers “buy distribution” in a competitive market environment. As Warshaw states: The concept of buying distribution emphasizes the fact that the price paid to gain channel support must reflect not only the marketing job performed by the channel, but also, the competitive environment in which the channel operates (Warshaw, 1962).

Thus, if supplier margins are not equal to the “prices” sought by the retailers for their services, suppliers will not be able to buy their services in a competitive environment. With this in mind, suppliers will have to give far more attention to the implications of their pricing policies on retailers and continuous reviews of trade discount structures will have to be made to determine their adequacy. Particular attention will also have to be paid to changes in the competitive environment that are likely to influence retailers’ perceptions of existing discount structures. The pricing policies of other merchants as well as the government price legislations must be considered before the storekeeper can make the final decision on the profit margin he should try to obtain. The extent to which a merchant must consider competition depends, however, somewhat, on the character of his store and the good-will it enjoys. His customers may be willing to pay a higher price in return for better services and a more attractive store environment.

Pricing to different kinds of retailers: In an ideal world, trade discounts available to different kinds of retailers would vary in direct proportion to the level of service provided to the supplier by each type of retailer. In reality, few distribution channels operate in this manner. Trade discount structures at both the wholesale and retail levels are typically governed by strong traditions and conventions that permeate the trade and have little to do with service rendered (Hinkle, 1965).

Larger and more sophisticated retailers, however, have become much more attuned to the discrepancies and inequities existing in traditional trade discount structures. They have become much more astute and aggressive in challenging these conventions. For example, chain and affiliated drug retailers, who now dominate in drug retailing are demanding and getting direct purchases from the manufacturers for general merchandise items at prices just as favourable as those offered to mass merchandise chain and discount department store retailers. Many department stores who have traditionally offered a full range of services have cut back or stopped carrying altogether, major appliances, which are also sold to discount store retailers who often provide considerably less services.
Independent hardware stores, many of whom are now affiliated in cooperative groups, have been more astute in seeing that they obtain equivalent prices and the special deals offered by manufacturers to the large chain building supply, home centres, and discount department store retailers (Charles L., 1965).

In summary, across a wide range of retail trade, retailers are more aware of and are better able to bargain with suppliers for discount structures, which they feel reflect fair payment for their services. For instance, credit delivery service by sales people, and other customer service add to a store’s expenses and the price to be charged.

Margin potentials of rival brands: Improved information systems have enabled retailers to become better aware of which of the particular brands they carry are profitable and which are not (Czepiel, 1977). If a particular manufacturer’s brand is at a clear disadvantage compared to the margins a retailer can obtain from it relative to another brand (and this cannot be offset by higher turnover), he will not devote much more effort to promoting it. Only when the margin differentials among rival brands carried by the retailer are justified on the basis of differing levels of supplier support will major margin variations be acceptable to retailers.

A manufacturer such as RCA, for example, that is well entrenched in many consumer electronic products can depend on its mass advertising and sales promotion to establish strong consumer preference to pull its products through the channel. Promotion by the retailer in the form of local advertising and strong personal selling are relatively minor factors in achieving high sales for RCA products. Accordingly, the relatively low margins granted to the retailer are feasible.

On the other hand, a smaller, specialized manufacturer such as Magnavox has to concentrate its distribution through fewer, more carefully selected and aggressive retailers who can draw customers to themselves with strong local advertising and personal selling. A manufacturer in this position will have to grant larger margins to its retailers to cover the higher costs associated with the more aggressive selling effort expected. Thus, the manufacturer must attempt to weigh any margin differentials between his own an competitive brands in terms of what kind of support he offers and what level of support he expects from retailers. For instance, items that are likely to depreciate faster (such as fashionable items) are priced high by retailers to cover possible loss in due course.

1.4 Physical Distribution and Retailer Expectations

The main functions of distribution, simply defined are; buying, selling including sales promotions), transporting, financing and storing. In addition, the functions of risk bearing are involved since goods may be damaged and destroyed or drop in price. Depending on the kind of goods involved, many customers have recently made or provided after sale service in addition to distribution. This is done in order to create confidence to the consumer to make regular purchases (Mackinnon, 1986).

Retailers who are now almost routinely using POS, computerized inventory control systems and other technological marvels, have high expectations for their suppliers to use equally sophisticated technology. Suppliers are expected to provide the kind of physical distribution service that meets retailer’s needs in a fixable and efficient manner. In particular, they expect their suppliers to understand and meet their changing and more demanding physical distribution services standards and to help them reduce their inventories without sacrificing sales volume. By and large, producers and distributors survive and prosper. They make available the kinds of products consumers want. Those who are unable to do this are eliminated (Lambia, 1993).

Meeting retailer PD service standards: Physical distribution service standards refer to what kinds and levels of service retailers expect from their suppliers (Hutchinson and stole, 1968). Several types of service standards that are frequently important to retailers such as time from order receipt to order shipment, order size and assortment constraints, percentage of item out of stock, percentage of orders filled accurately, percentage of orders filled within a given number of days from receipt of order, percentage of orders filled, percentage of orders that arrive in good condition, order cycle time (time from order placement to order delivery) and ease and flexibility of order placement. Because retailer needs for these service standards differ, suppliers will have to pay careful attention to the particular needs of retailers if they expect to develop physical distribution systems that will satisfy the more demanding retailers. A physical distribution program no matter how sophisticated and technologically advanced will not be welcomed by the modern retailer unless it actually fulfills the service standards as defined by the retailer. This may require suppliers to use formal and systematic methods such as survey research to find out about retailer service requirements.
Reduction of retailer inventories: The high costs associated with carrying inventories have always plagued retailers. For instance, the 1974 recession left many retailers holding large inventories, which they could not move, a situation that made retailers extremely sensitive to need to minimize their inventories. A well designed and responsive physical distribution system developed by the supplier can mean shortened order cycles, which in turn can mean lower inventories carried by retailers. Retailers are looking to their suppliers to develop physical distribution systems that will enable the retailer to reduce his inventories but still provide a high level of customer services. Those suppliers who are able to meet this challenge will be sought after by progressive retailers while those suppliers who cannot will not escape the notice of the growing ranks of astute retailers (Man and Curren, 2002).

1.5 Promotion and retailer expectations

Retailers are frequently called upon to play an important role in supplies promotional programs. Retailers are asked to participate in cooperative advertising, use of displays and selling aids, in-store promotions, contests and incentives, and a variety of other forms of supplier initiated promotions. Retailers, however, are becoming much more discriminating in their decisions to participate in these promotional programs. They are asking more penetrating questions about how various suppliers’ promotional efforts, which require retailer cooperation, are benefiting the retailer. They are also becoming increasingly reluctant to participate in promotional programs whose benefits are not clearly perceived or which appear to offer benefits almost exclusively to the supplier. In short, retailers have become far more choosy about what kinds of supplier promotions they will support (Harmonious, 1978). In particular, retailers want promotional programs that are consistent with their objectives, and that will actually be useful to the retailer.

Supplier promotional programs and retailer objectives: Retailers have become more sophisticated in terms of projecting a carefully developed image and position for their stores (Fenwick, 1978). They recognize that the whole gamut of their marketing and merchandising strategies contributes to their image and positions. All of these strategies must fit into a coherent and consistent whole to maintain and strengthen their marketing efforts. Supplier initiated promotional programs must, therefore, fit in with the retailer’s own promotional strategies if the retailer’s enthusiastic support is sought. Consider, for example, the case of in-store promotions which suppliers often use to create added interest and excitement for their products. Too often, these promotions are ill conceived, gimmicky or overblown, and most importantly can detract from the image that the retailer is trying to build. When this happens, retailers in increasing numbers will be reluctant to participate in these promotional programs (Shaver, 1897-1959).

Contests and incentives are another area where growing retailer resistance may be encountered if they are inconsistent with their retailer’s policies. For example, a supplier may offer push money (PM’s) directly to the retailer’s salespeople for pushing some of his products. From the standpoint of the retailer, however, this may be seen as conflicting with his objectives. Specifically, the retailer attempting to build an image of high service in meeting customer demands may not want his salespeople to pressure customers into buying products which may not serve their needs merely to get the PM’s (Harmonious Marketing, journal, 1978)

Useful promotional programs: Despite the enormous expenditures by suppliers on promotional programs requiring retailer support, many of these programs fall far short of expectations because they do not meet the needs and requirements of retailers (Hinkle, 1965). Failure to recognize retailer needs and requirements are particularly common with respect to understanding the retailer’s promotional schedule, recognizing the retailer’s perception of the profitability of promotional offers, and inventory problems created by special promotions.

Understanding the retailer’s promotional schedule is necessary because retailers often plan their advertising several weeks in advance, and display space is allocated sometimes as much as three to four months ahead and four to five weeks in advance at a minimum. Consequently, retailers may be unable to cooperate in a special promotion due to conflicting prior commitments of space and effort. If this is the case, even the enticement of a large price allowance may be inadequate to force a change in the retailer’s plans (Cohen, 1978).

Suppliers often do not think of the profitability of their offers from the retailer’s perspective. Instead, they tend to think in terms of how good the offer is from their own vantage point. They forget that when the retailer allocates extra effort to a particular supplier’s products, other suppliers’ products will receive less selling space and attention. Thus, in deciding whether to accept or reject a particular promotional program, the retailer asks himself if the profit associated with the promotion is likely to offset possible profit losses from competitive products, which he carries. When this is done, many seemingly terrific supplier initiated promotional offers do not
appear so terrific from the retailer’s point of view (Fenwick, 1978). Finally, given the high carrying cost and risks attendant to holding inventories, retailers more than ever are attempting to minimize their inventories.

Merchandise involved in special promotional deals, however, often increases the amount of inventory the retailer must carry leading in turn to higher carrying costs. This added inventory burden will cause many retailers to be reluctant to cooperate, which load them up with higher inventories. To a greater extent studies that have been done over time have not recognized the emerging roles of retailers that is pricing, sales volumes, promotion, physical distribution and product development, however, the impact of these roles have not been exhausted hence the need for this study. The study was therefore, intended to provide a linkage between the emerging roles and the trend in sales based on the assumption that other factors such as culture, personality and government policy affect each variable at nearly equal magnitude.

2.0 Statement of the Problem

Retailers will want to play an increasing role in product planning, development and management. This is likely to hold not only in terms of retailers developing more of their own products but also in their exerting a greater influence over the course of the product life cycle (Little, 1970). Several key issues illustrative of the growing retailer role in product planning, development, and management are discussed below.

According to Rosenbloom, 1979, P-O-P displays serve as the last chance for an organisation to promote and sell their products. They provide the means to educate and draw attention to consumers about product availability. Significantly P-O-P advertising is the only mass medium executed at the critical point where products, consumers and the money to purchase the products all meet at the same time. The design therefore becomes one of the last points of differentiation left for brands and retailers. When perceived differences in quality, technology and service are negligible, design becomes critical in differentiating brands and winning customer loyalty. Rosenbloom (1979) further observes, as brands and retailers are forced to push the boundaries forward through consumer expectation, the role of P-O-P design has become important as the interaction point between the consumer and organisation. Although these new retail formats can potentially gain a monopoly in terms of price and direct sales, they cannot compete in terms of the complete shopping experience. Significantly, their introduction will place increasing importance on the successful implementation of P-O-P design. Retail stores will inevitably acquire the role of a product showroom, whereupon emphasis is put on distinguishing and promoting a brand’s product, not necessarily selling them. Once an informed decision has been on the high street, the consumer can purchase the product online, often at significantly reduced costs.

The fundamental reasons for this are the growing size and concentration of retailers, especially the continued growth of chain store systems and affiliated groups, technological developments such as P-O-S and computerised management information systems that have helped retailers to increase their level of management sophistication and quality of management personnel. P-O-P displays help consumers to easily find and identify products and make an informed purchase decision. Retail marketing provides the link between brands’s advertising campaign and the actual purchase of a product. Retail marketing is a growing $ 17 billion industry (POPAI, 2004). 74% of all purchase decisions in mass merchandisers are made in store since 1994, (POPAI, 2004). Studies carried out by POPAI have consistently demonstrated significant sales increase for products supported by retail marketing.

After reviewing the literature it was clear that there is more powerful and independent role of the retailer in the distribution channel has important implications in terms of the retailer’s needs and expectations with respect to his supplies. Specifically, the retailer’s needs and expectations are likely to be greater than they were and his increased size and power means that he will be in a strong position to see that his demands are met.

The retailer seems to take a dominant role in decision making in regard to product planning and management, pricing, physical distribution, and promotion of consumer goods/products. These roles were undertaken by other persons in the past in the business line particularly, the producers (hence emerging roles of the retailers). The essence of this study was to establish the effect of such roles on sales. Consumer goods are those that are meant for consumption or final use such as clothing, cosmetics, furniture, hardware, household appliances and personal computers. The roles of retailers in the marketing channel seem to be changing from being mere links between producers and consumers. This study therefore sought to analyse the effects of retailers emerging roles on the sale of consumer goods in Kenya: A case study of supermarkets in Kisii town. In view of this the following research
questions arose, what are the effects of product planning, on sale of consumer goods? What are the effects of product development on sale of consumer goods? What are the effects of product pricing on sale of consumer goods? What are the effects of product promotion on sale of consumer goods? to establish the effects of product promotion on sale of consumer goods.

The conceptual framework for this study is based on the systems approach of input, process and output. In this study the inputs (independent variables); product planning, product development, product pricing and product promotion effectively form part of the retailers emerging roles, it is expected that there will high sale of consumer goods.

3.0 Research Strategy
The research covered supermarkets in Kisii Municipality. The supermarkets covered were those that dealt with self-services, both corporate and privately owned. Supermarkets in Kisii Municipality were sampled because Kisii Municipality was among the fast growing towns in Kenya in terms of retail business hence research findings would represent other similar towns (Government of Kenya, Central Bureau of Statistics, 2003).

The study employed a descriptive survey. The choice of the descriptive survey research design was made based on the fact that in this study, the researcher was interested on the state of affairs already existing in the field and no variable was not manipulated. The target population for the study was employees of the supermarkets operating in Kisii Municipality. There are about 400 employees in the supermarkets in the municipality. The study conveniently sampled eight supermarkets out of the existing sixteen supermarkets in Kisii municipality. The study further randomly picked eight employees from each supermarket yielding to a sample of 64 respondents.

The study collected primary data on the changing role of retailers in the marketing of consumer goods as well as on sales volumes. Primary data was used because of their proximity to the truth and control over error (Copper and Shindler 2003). The main tool for data collection was a structured questionnaire. Questionnaires were administered by the researcher through mail from employees of the supermarket. To enhance the reliability and validity of the instruments, a pilot study was conducted to subjects not used in the final study. To enhance validity of the instrument, the study employed content validity. This was done in terms of checking for items that were vague or not necessary, weaknesses of the instruments and whether respondents understood the items. Experts and peers in the Faculty of Commerce (Business and Management department) reviewed the content of the instruments to determine validity to ensure the instrument accurately measures the variables it intended to measure. The researcher pre tested the questionnaire on a likert scale which required the respondents to rate the objectives being investigated. The reliability of the instrument was estimated after the pilot study using the Cranbach’s reliability coefficient, which is a measure of internal consistency. A reliability analysis yielded a coefficient of 0.7 which was recommended and used as the thresh hold for reliability testing (Frankel and Wallen, 2000).The instruments were therefore deemed as reliable.

Before the actual data analysis, the gathered data from the questionnaire were validated, edited, and then coded. The validation process determined the return rate of questionnaires. There was a return rate of 94% of the questionnaires which was used for the data analysis. The questionnaires were scrutinized to determine the extent to which they were filled up and whether they had errors, inadequate responses, or irrelevancies. Data analysis was then performed using both quantitative and qualitative techniques. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS) to produce mean scores, frequencies and percentages. Percentages are the most widely used and understood standard proportions. The analyzed data was then presented using tables, charts, and graphs accompanied by appropriate descriptions or explanations. Besides that, qualitative data which would not be quantified such as personal opinions were analyzed as guided by objectives of study whereby they were narrated or even quoted and were appropriately incorporated into the recommendations of the study.

4.0 Data Analysis, Findings and Discussions
Completion rate is the proportion of the sample that participated as intended in all the research procedures. In this study, out of the 64 questionnaires administered, 60 (93.7%) were returned. This completion rate was deemed as adequate for the study. majority of the respondents in the study 88.4%
were shop attendants 10.0% were supervisors and 1.7% were managers. This finding indicated that the supermarkets employed more shop attendants which was quite a good alignment with a normal work distribution in the supermarkets.

To establish the gender of the respondents, they were asked to indicate the same. Findings revealed that 40 (66%) were male while 20 (44%) were female. This findings show that there were more male than female working in the supermarkets.

Findings revealed that most of the respondents were aged between 26 and 30 years, a relatively smaller number 14 (25%) were aged between 21 and 25 years. There were however less number of respondents beyond the age of 40 years. These findings indicate that most of the supermarkets employed young people. Findings in the year of establishment of the supermarkets revealed that majority of the supermarkets 29 (48.3%) were established less than 3 years ago25 ( 41.7%) were established between 3-5 years and 6 (10.0%) were established 6-8 years ago. This finding indicated that the majority of the super markets are new in the respective locations. The majority of the respondents 83.4% had less than 3 years of work experience, 10.0% had 3-5 years experience, and 6.7% had 6-8 years and over 8 years of experience respectively. This finding was quite in line with the number of years the supermarket had been in existence.

On the size of the supermarkets under study in terms of capital, asset value and sales turnover, the findings established that 78.3% of the supermarkets were large in terms of capital employed in the business, 15.0 had employed medium capital, while 6.7% had employed small capital. In terms of asset value, 76.6% had large asset value, 16.7% had medium asset value, and 6.7% had small asset value. In terms of sales turn over, 73.4% large sales turnover, 18.3% had medium turn over and 8.3% had small sales turnover. In general, this finding indicated that the supermarkets under the study had larger capital investment, asset value and sales turnover.

4.1 The Effect Of Product Planning, Development And Management On Sale Of Consumer Goods

On the products sold in the supermarkets, the study established that 26.7% sold foodstuff, 20.0% sold household goods, 16.7% sold stationeries, 10.0% sold farm inputs, leisure items and machinery respectively and 6.7% sold clothing and footwear. This finding indicated that the supermarkets had product specialization designed to meet the demands of their customers as per the supermarket’s locality.

In determining the effect of retailers emerging roles in product planning, development and management, the study considered the following aspects; scrambled merchandizing, positioning of the market, customer loyalty, customer satisfaction, new product planning, product lifecycle, supplies offering, pricing by other competitors and the use of new technology.

Table 4.1 presents data on the effect of retailers emerging roles in product planning, development and management. The findings established that 50.0% of the supermarkets used scramble merchandizing moderately in managing the sales of consumer goods, 43.0% used scramble merchandizing to great extent, 5% used scramble merchandizing to less extent and 2% used scramble merchandizing to least extent. 90.0% of the supermarkets used market positioning to a great extent in managing sales of the consumer goods and 10% of the supermarkets used market positioning moderately in managing sales of their consumer goods.

All the supermarkets used customers’ satisfaction to great extent in managing their sales of consumer goods. 95% of the supermarkets in the study used new product planning to greater extent and 5% used it moderately in managing the sales of their consumer goods. 95% of the supermarkets in the study used new product acceptance to greater extent and 5% used it moderately in managing the sales of their consumer goods. 88.3% of the supermarkets in the study used product life cycle to great extent, 10% used it moderately and 1.7% used to less extent in managing the sales of their consumer products. 81.6% of the supermarkets in the study used supplies offering to great extent, 16.7% used it moderately and 1.7% used to less extent in managing the sales of their consumer products.

96.7% of the supermarkets in the study used pricing by other competitors to great extent and 3.3 used it moderately in managing the sales of their consumer products. 75% of the supermarkets in the study used new technology (information technology) to great extent, 21.7% used it moderately and 3.3% used to less extent in managing the sales of their consumer products.

These findings are tabulated in table 4.1. The figures were arrived at from the Likert type items n the questionnaire where respondents were required to indicate on a Scale of 1-5 how the factors were important to their supermarkets.

268
Table 4.1: Effect of Product Planning, Development and Management on sale of consumer goods

<table>
<thead>
<tr>
<th>Subject</th>
<th>Great extent</th>
<th>Good extent</th>
<th>Moderate extent</th>
<th>Less extent</th>
<th>Great extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scrambled Merchandising</td>
<td>11.00</td>
<td>31.00</td>
<td>50.00</td>
<td>5.00</td>
<td>2.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Position of the market</td>
<td>63.00</td>
<td>26.00</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>85.00</td>
<td>13.00</td>
<td>1.70</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>80.00</td>
<td>20.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>New product planning</td>
<td>73.00</td>
<td>21.00</td>
<td>5.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Product acceptance</td>
<td>76.00</td>
<td>18.00</td>
<td>5.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Product lifecycle</td>
<td>45.00</td>
<td>43.00</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Supplies offering</td>
<td>53.00</td>
<td>28.00</td>
<td>16.00</td>
<td>1.70</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>(Marginal potential)</td>
<td>30.00</td>
<td>30.00</td>
<td>70.00</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Pricing by other competitors</td>
<td>75.00</td>
<td>21.00</td>
<td>3.30</td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td>New technology (information system)</td>
<td>38.00</td>
<td>36.00</td>
<td>21.00</td>
<td>3.30</td>
<td>0.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field Data (2008)

The study therefore established that all the supermarkets used customers’ satisfaction, market positioning, customers’ loyalty, new products planning, product acceptance, product life cycle, supplies offering, pricing of other competitors and new technology to great extent in managing the sales of their consumer products. The supermarkets under the study used scrambled merchandising moderately in managing the sales of their consumer products.

4.2 The Effect of Product Pricing On Sale of Consumer Goods

Product pricing is a function of the following items considered in the study; response rate of receipt of order to order shipment, order size and assortment, percentage of order filled accurately, percentage of items out of order, percentage of order filled within a number of days from receipts, percentage of order filled, percentage of order that arrive in good condition and easy and flexibility of order placement. The respondents were requested to rate their feelings on the product pricing in the supermarkets based on lickert scaling where very high was designated by 5 scale, high 4 scale, moderate 3 scale, low 2 scale and very low 1 scale.

Table 4.2 below presented the findings on the performance of the supermarket supplies. The study established that all the supermarkets under the study scored high performance in; response rate of receipt of order to order shipment, order size and assortment, percentage of order filled accurately, percentage of items out of order, percentage of order filled within a number of days from receipts, percentage of order filled, percentage of order that arrive in good condition and easy and flexibility of order placement. This information is presented in table 4.2.

Table 4.2: Performance of the Supermarket Suppliers

<table>
<thead>
<tr>
<th>Supplies Performance</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response rate to orders and shipment</td>
<td>6</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Order size and assortment</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>% of order filled accurately</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>% of items out of order</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>% of filled with in a given no. of days</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>% of order filled</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>% of order that arrive in good condition</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Ease and flexibility of order placement</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Field Data (2008)

The study also sought to establish the size of the supermarket inventory. From the research data, it was revealed that 60% of the supermarkets had high inventory, 30% had moderate inventory and 10% of the supermarkets had low inventory. This finding, therefore, indicated that the majority of the supermarkets under the study had high inventory. The study established that 50% of the supermarkets held high inventory averagely, 36.7% held their inventories for long time and 13.3% held their inventories for a short time. This finding, therefore, indicated that the majority of the supermarkets held their inventories on an average time period.
4.3 Role of Product Promotion on sale of consumer goods

The study also sought to establish the role of product promotion among the supermarkets. Findings revealed that the majority of the supermarkets 58.3% used displays and selling aids method to promote their consumer products, 25% used other methods, 15.0% used in store promotion method and 1.7% used corporate advertisement methods to carry out their promotions of the consumer products they sold. This finding, therefore, indicated that the popular promotion method used by the supermarkets was displays and selling aids. The above information is presented in table 4.3.

Table 4.3: Methods of Sale Promotions used by the Supermarkets

<table>
<thead>
<tr>
<th>Methods</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate advertisement</td>
<td>1.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Use of displays and selling aids</td>
<td>35.0</td>
<td>58.3</td>
</tr>
<tr>
<td>In store promotion</td>
<td>9.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Others</td>
<td>15.0</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2008)

The respondents were further asked to indicate the best fit of suppliers initiated promotion programme. The study established that the majority of the supermarkets 76.7% agreed that the suppliers initiated promotions fitted to great extent their promotion program strategies, 18.3% of the supermarkets agreed that the suppliers initiated promotions fitted moderately in their promotion program strategies and 5.0% of the supermarkets agreed that it fitted to less extent. This finding indicated that the suppliers initiated promotions fitted the supermarkets promotion program strategies to great extent. This information is presented in table 4.4.

Table 4.4: Best fit of Suppliers Initiated Promotion Program

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>10.0</td>
<td>16.7</td>
</tr>
<tr>
<td>Great extent</td>
<td>36.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>11.0</td>
<td>18.3</td>
</tr>
<tr>
<td>Less extent</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2008)

Some of the aspects that affected sales in the supermarkets were sought by the study. This included introduction of new brands related to the previous ones, gaining new products acceptance, addition of new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, margin potential of rival brands, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality. The study analyzed the how these aspects affected sales in the supermarkets based on likert scaling; very much was designated by 5 scale, much 4 scale, moderate 3 scale, little 2 scale and very little 1 scale.

The study established that the following aspects affected the sales in the supermarkets much; introduction of new brands related to the previous ones, adding new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality, whereas gaining new products acceptance and margin potential of rival brands moderately affected the prices. The findings are presented in table 4.6. The calculations were derived from data entered into the SPSS programme.

Table 4.6: Aspects that affect Sales in the Supermarkets

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>8.0</td>
<td>13.3</td>
</tr>
<tr>
<td>Great extent</td>
<td>37.0</td>
<td>61.7</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>14.0</td>
<td>23.3</td>
</tr>
<tr>
<td>Less extent</td>
<td>1.0</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2008)
### Concepts

<table>
<thead>
<tr>
<th>Concepts</th>
<th>nts</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin potential of vital product</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturer physical distribution Product</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Inventory level</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Packaging</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>After sales service</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Product quality</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Gaining new products</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Addition of new merchandize not related to usual products</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Computerized control system</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Manufacturers pricing strategy</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Introducing new brand related to previous</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Field Data (2008)

### 5.0 Summary, Conclusions and Recommendations

#### 5.1 Summary

The emerging roles of retailers on the sale of consumer goods is faced by a lot of factors some of which have forced several retailers to close down their business due to the stiff competition. The main objective of this study was to analyse the effects of the retailers’ emerging roles on the sale of consumer goods in Kenya.

The study came up with a number of important findings that should be taken up by the supermarkets to manage the effects of the emerging roles on the sale of consumer goods in Kenya. First, the study established that the supermarkets had larger capital investment, asset value and sales turnover. Second, the supermarkets had product specialization designed to meet the demands of their customers as per the supermarket’s locality. Third, the study established that all the supermarkets used customers’ satisfaction, market positioning, customers’ loyalty, new products planning, product acceptance, product life cycle, supplies offering, pricing of other competitors and new technology to great extent in managing the sales of their consumer products. The supermarkets under the study used scrambled merchandizing moderately in managing the sales of their consumer products. Fourth, the study established that all the supermarkets under the study scored high performance in; response rate of receipt of order to order shipment, order size and assortment, percentage of order filled accurately, percentage of items out of order, percentage of order filled within a number of days from receipts, percentage of order filled, percentage of order that arrive in good condition and easy and flexibility of order placement. Fifth, the study established that the majority of the supermarkets had high inventory. Sixth, the study established that the majority of the supermarkets under the study held their inventories on an average time period.

Seven, the study established that the popular promotion method used by the supermarkets was displays and selling aids. Eighth, the study established that the suppliers initiated promotions fitted the supermarkets promotion program strategies to great extent. Ninth, the study established that the suppliers initiated promotions affected the supermarkets inventories to great extent. Tenth, the study established that the following aspects affected the sales in the supermarkets much; introduction of new brands related to the previous ones, adding new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality. Gaining new products acceptance and margin potential of rival brands moderately affected the prices.

#### 5.2 Conclusions

In order to remain relevant to the consumer market and face the stiff competition in this field, supermarkets must address themselves to the modern emerging roles on the sale of consumer goods in Kenya. The study concluded the following:

Firstly, the supermarkets used customers’ satisfaction, market positioning, customers’ loyalty, new products planning, product acceptance, product life cycle, pricing of other competitors and new technology to great extent in managing the sales of their consumer products. The supermarkets under the study used scrambled merchandizing moderately in managing the sales of their consumer products.

Secondly, all the supermarkets under the study scored high performance in; response rate of receipt of order to order shipment, order size and assortment, percentage of order filled accurately, percentage of items out of order, percentage of order filled within a
number of days from receipts, percentage of order filled, percentage of order that arrive in good condition and easy and flexibility of order placement.

Thirdly, the popular promotion method used by the supermarkets was displays and selling aids. Fourth, the suppliers initiated promotions affected the supermarkets inventories to great extent.

Fifth, the following aspects affected the sales in the supermarkets much; introduction of new brands related to the previous ones, adding new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality, whereas gaining new products acceptance and margin potential of rival brands moderately affected the prices.

5.3 Recommendations for Improvement

Although the supermarkets under the study had larger capital investment, asset value and sales turnover, they should make more efforts to improve much more on capital investment, asset value and sales turnover for these are functions of profitability. Secondly, the supermarkets should carry out more research to establish diversity of the products they stock aligned along side the customers’ ever changing needs. Thirdly, although all the supermarkets used consumers’ satisfaction, market positioning, customers’ loyalty, new products planning, product acceptance, product life cycle, supplies offering, pricing of other competitors and new technology to great extent in managing the sales of their consumer products in product development and planning, much more efforts should be done to achieve higher results especially in scrambled merchandizing moderately in managing the sales of their consumer products. Fourth, the supermarket should employ diversity of products promotion strategies in order to position themselves to the competitive markets. Fifth, the supermarkets should invest more on the following aspects which are the riders of high sales volume; introduction of new brands related to the previous ones, adding new mechanizing not related to usual products sold, computerization of the control systems, manufacturer pricing strategies, manufacturer physical distribution standards, inventory levels, packaging, after sales services and product quality and more so in gaining new product’s acceptance and margin potential of rival brands.

5.4 Recommendations for Further Research

The following related areas can be researched on to add up to the knowledge of what this study has achieved. First, there is a need to carry out a comprehensive evaluation of the effects of the retailers’ emerging roles on the sale of consumer goods in all the supermarkets in Kenya. The finding from this study will enable investment policy makers address themselves to these roles at a national level. Secondly, an assessment should be carried out to establish the effects of the emergence of the supermarkets on the traditional wholesalers’ shops in Kenya. The finding from such a study brings out some of the reasons why most wholesalers have closed down in the recent past.

References


272
Butt, S. A. *Essentials of Commerce in East Africa 5th Edition,*