"INFLUENCE OF CATEGORY MANAGEMENT ON CONSUMER PURCHASE BEHAVIOR: A CASE OF CUSTOMERS OF LARGE AND MEDIUM SUPERMARKETS IN NAIROBI"

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any college or university other than the University of Nairobi for academic purposes.

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

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DEDICATION

To Jael Mararu, my love, whose encouragement gave me a reason to go on. To my children, Barbara, Bertha and Bill, for their patience throughout the duration of my study.

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ABSTRACT

This study sought to find out the effect of category management on consumer purchase behaviour and selection of supermarket. The main aim of category management is to focus on areas that deliver maximum customer value and satisfaction while at the same time ensuring profitability to both the retailer and supplier. Retailers and suppliers should be partners to ensure that the strategy of category management is successful.

This was an exploratory study conducted in selected supermarkets in Nairobi and targeted customers who shop in them. Fifty-one outlets were selected and one hundred and fifty shoppers were interviewed with the help of a questionnaire that was administered on the spot.

The research findings revealed that in-store attributes, for instance, product availability, product freshness, display and store cleanliness had a very big impact on the shoppers' purchase behaviour. Out of the store attributes like shopping alone or with friends and family played a minimal role as far as the choice of where to shop was concerned.

The study therefore gives an insight to outlet owners and suppliers the need to collaborate to make the customers' shopping experiences more pleasant by focusing more on in-store attributes that will indeed make the customer wish to stay longer in the outlet. This may lead to more impulsive purchases, satisfied and happy customers in the long run, hence increased profitability.

CHAPTER ONE

INTRODUCTION

1.1 Background

Today's consumer is more knowledgeable, more demanding and hence more sophisticated. Extensive product information can easily be obtained from the Internet and other sources permitting them to shop more intelligently and show less brand loyalty.

Category management requires that the target consumer be a basis for competitive strategy. Understanding the consumer is key for successful category management (Singh 2000). Category management is a distributor/supplier process of managing categories as strategic business units, producing enhanced business results by focusing on delivering consumer value (Singh1999).

The various aspects of consumer behaviour that affect retail strategy and consumer purchases are; how consumers choose stores for shopping, how consumers choose products within a store and how in-store category tactics (space allocation and shelf presentation assortment, pricing and promotion) affects consumer choice.

Consumer purchase behaviour is primarily influenced by store variables, consumer demographics, lifestyle and nature of the shopping trip. The four key store variables in choosing a retail outlet in order of importance are location, product/brand variety, price, shopping environment- first check out, friendly service and store ambiance.

If the trade off between these factors becomes very large, their order of importance can change e.g. many consumers who used to shop in Uchumi Supermarkets two years ago may prefer to go a longer distance to a Nakumatt store because the former's brand/ Product offerings are lesser compared to the latter's due to persistent stock outs. The shopping experience is so much better to justify a longer trip.

Category management has benefited the consumer through improved assortment, lower prices, reduced out of stocks and ease of shopping. This is made possible by collaboration between the retailers and the suppliers to improve the effectiveness and efficiency of demand - supply chain management (Singh 1999).

Category management was developed originally in the USA by the like of Procter and Gamble and Coca-Cola. It is a strategy that has been adapted by some of the worlds biggest retail outlets such as Wal-Mart in USA, Tesco, Sainsbury, Asda and Safeway in the UK and Woolworth's in Australia (Varley, 2001).

Locally a Nakumatt supermarket currently with sixteen stores has made a step towards category management in its operations. It has collaborated with Colgate - Palmolive to manage the oral care category, this can be seen from the in-store point of sale aisle branding Colgate has developed in the stores. Other stores that are coming up in managing categories as strategic business units include Tusker and Uchumi

1.2. Statement of the problem

The focus of category management is on strong collaborative retailer-supplier relationship with joint objectives and win – win goals. Category management is a new way of thinking about the customers' experience of retailing. As a system of product delivery to the customer that brings together the supplier and the retailer, it may permanently change the relationship between the buyer and the seller. In future category management may not be an option but a must for manufacturers (Hogarth-Scott and Dapiran 1997).

This is supported by Dupre and Green (2004) research that both the manufacturer and the retailer jointly develop category plans. They are based on category goals, the competitive environment and consumer behaviour. Supporters of category management theory argue the retailer's sales and profit will be maximised by an optimal mix of brands, stock keeping units (SKU's) and pricing that is determined from the consumer perspective and based on historical sales data.

The mix is based on systematic category reviews, which result in the elimination of several duplicate and poorly performing stock- keeping units, the addition of a small number of category enhancing stock keeping units and adjustments in facings, pricing, promotion and the organization of the category. In supermarket business, the need to enhance brand loyalty has not increased because of competition alone. Customers have changed. They have become more knowledgeable, ready to experiment, lesser disposable income and more enlightened (Baker 1992). Product assortment (mix) was a major strategy for Uchumi supermarket chain which in the year 2002, opened new outlets both in Nairobi and other towns in the country (Okwany 2003).

In a study by Wambugu (2002) factors that determine store loyalty were prices of products, availability of merchandise and adequacy of check out tills were important. Other studies in consumer behaviour have focused on family decision-making (Nyaga 1989, Shariff 2002), reference groups (Masese2004), attitudes (Wanjoga 2002), perception (Mukiri 2001) and product assortment in store selection (Okwany 2003). The researcher has gathered that no study has focused on the role of category management to purchase decisions in Kenya.

Given the changing landscape in supermarket retail industry, consumers are more likely to choose an outlet that gives pleasant shopping experience through attractive displays, promotions and pricing. This information would be useful to management in ensuring superior customer value. From the forgoing, this study would like to fill the gap by investigating issues related to the choice of store in relation to how categories are managed.

1.3. Objectives

a). To establish the extent to which category management influences the consumer purchase behaviour

b). To establish the extent to which category management influences the choice of supermarket.

1.4 Importance of the study

The study of category management should be able to benefit the following;

a.) Retailing industry; Outlet owners will find the study valuable in understanding the dynamics of retail trade for instance better customer service, being more open to suppliers, increased sales, increased margins and reduced costs. Store category managers' will gain an insight on how to manage categories as profit centres.

b.) Suppliers; will be able to manage categories for increased profitability, increased business knowledge and improve relationships with the retailers. The category managers' will be able to work with the retailers' category managers' as partners.

d.) Academicians; wishing to carry out research further studies on the subject

e.) Consumers; will be able to evaluate category management as a strategy to reduce consumer confusion, provide greater product variety, increased product availability and lower prices.

CHAPTER TWO

LITERATURE REVIEW

2.1. Meaning of Category Management

The growing worldwide interest among retailers and suppliers in the category management has been the result of a set of business conditions that have increasingly challenged many traditional management methods for example rapid changes in the technological environment, sophisticated consumers, increased competition and so on.

Dupre and Green (2004) define 'category management' as a joint process of retailers and suppliers to manage categories as strategic business units, in order to improve business units by focusing on delivering increased customer value. It begins with a strategic shift of focus of management attention from the manufacturers' brands to the retailers' categories. A category is a distinct manageable group of products that consumers perceive to be related and / or capable of being substituted in meeting the consumer need.

2.2 Category Management and Consumer Behaviour

In fashion-oriented products areas customers have a high expectation of change within the product range. Customers expect the product offering to change with seasons and be presented with a continuous array with new ideas (Varley and Rafiq, 2004). In other product areas, for example groceries, frequent changes to the product range would not only be confusing but also irritating to the customer.

Many products and brands have loyal customers and constant demand and when such a brand goes missing from the shelves, customers are likely to show a high level of dissatisfaction. At the same time, however, the twenty first century customer would like to try new product variations and new product ideas. This means that product ranges have to be managed in a way that popular items can always be found while at the same time taking advantage of the customers' tendency of seeking variety by introducing new product ideas and innovations. An approach to the buying process that allows for this type of product range is category management (Varley and Rafiq 2004).

Consumers do not shop only at one store. Consumers are aware of differences among retail formats and associate different categories with different formats. Consumers plan their purchases according to their need for categories most closely associated with the retail format; food for supermarkets, apparel and fashion accessories with the departmental stores; toys, appliances, automotives at speciality stores and so on. Consumers can plan to purchase in advance or in the store. Research has shown 60% of purchases in supermarkets are planned. Factors that may lead to impulse purchases include time pressure, familiarity with shopping environment, purchasing alone or with others such as children (Singh 2000).

Once consumers have decided which store to go to, they have to decide what to buy. If the decision has been made in advance, it is likely advertising or past experience

with the product will have influenced major decisions in advance of entering the store. If the decision is made in the store, then in-store factors such as store layout and in store merchandising have, and store environment are dominant influences.
(Hooley and Piercy 2004)

Research onto customer purchase behaviour have shown that about 55% claim to go with shopping list,(Singh 2000) with staples (Milk, eggs, bread, ready to eat cereals and so on) being the most likely to be planned purchases. However, consumers usually purchase more items than the shopping list itself, indicating many opportunities for the retailer to induce unplanned purchases. Consumers more likely to use shopping lists are likely to be more educated, have children at home and more likely to own their own home. (Din 2000)

After entering the store, the consumer has to decide which category, brand or item to buy. Depending on the consumers' familiarity with the product, often these decisions are made simultaneously. In many categories however, these decisions are made in stages, giving retailers an opportunity to influence the consumer purchase decision. Retailers can influence consumer purchase through four merchandising tactics: these are: space allocated to the category and to the brand within the category and the location of the brand (top versus bottom shelf), assortment offered - adding or dropping items, the pricing decision- high / low or every day low pricing, the promotion decision- features; in-store displays and sampling. (Singh 1999)

Retailers should manage their shelf space upon consumers purchase behaviour. Criteria used to determine space allocation include how fast the item moves off the shelf, gross margin and direct product profitability. (Willis 1999)

Assortments should offer variety without duplication. Too broad an assortment can offer more variety but can also confuse the customer. The assortment should be tailored to consumer preference in the retailers trading area for example a Nakumatt store will offer a wide variety of imported brands compared to Ukwala supermarkets. The former will target mainly high-income earners while the latter will appeal mostly to middle and low-income earners.

2.3 Consumer – Led Product Management

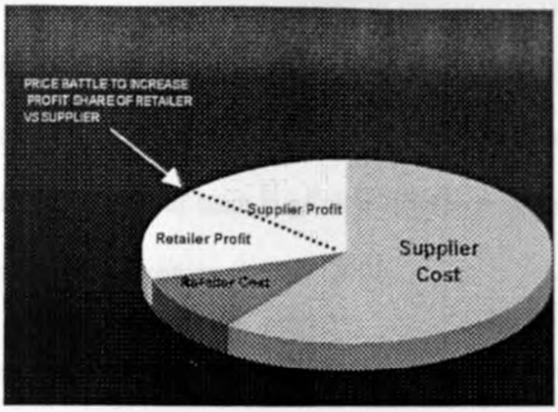
In today's business, there is an emerging approach to product management that allows for closer relationship between the supply of the products and the customer – led approach. Consumer led approach has become of importance since the 1990's. It is the principle behind Efficient Consumer Response (ECR) and Quick Response (QR). These two management systems have evolved out of the philosophy of allowing the consumer demand to control the supply chain activity. ECR is the manifestation of consumer –led product management in the fast moving consumer goods sector, while QR refers to supply management of more fashion-oriented merchandise. (Varley 2001)

2.4 Efficient Consumer Response (ECR)

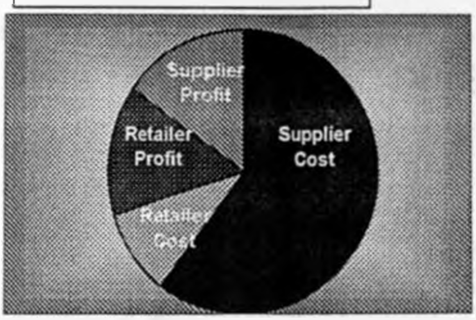
ECR is an approach to supply chain management that originated in the United States and has spread to Europe. This managerial approach starts with consumer demand and then gears the whole supply chain to respond to that demand. (Fernie 1998). It is therefore a customer driven demand-pull product management system, quite different from a supply – push or buying led approach that is based on principles of sales forecasting. In supply push approach products are supplied in preparation of anticipated demand. ECR, however, encompasses all aspects of stock control, operational areas of retail management and the way retailers, suppliers and third party suppliers (such as logistics companies) work together to achieve two basic goals together; customer satisfaction minimizing total costs. ECR as a concept emerged in the US in the late 1980's as retailers particularly in the grocery sector faced increasing price competition from discounters. (Varley and Rafiq 2004)

In order to avoid downward –spiralling price battle between suppliers and retailers, all fighting for a share of diminishing profit margins, a new philosophy came up which promoted the idea of retailers and suppliers establishing mutually beneficial cost cutting working practices with a key success factor of customer satisfaction as a key driver of all initiatives. Figure 1 illustrates the underlying reasoning of ECR.

TRADITIONAL ADVERSARIAL RELATIONSHIP BETWEEN RETAILER AND SUPPLIER



WIN-WIN SPPLY PARTNERSHIP



ECR initiative reduce costs, retailer and supplier both increase profits

JOINT ECR /CATEGORY MANAGEMENT PROGRAMME

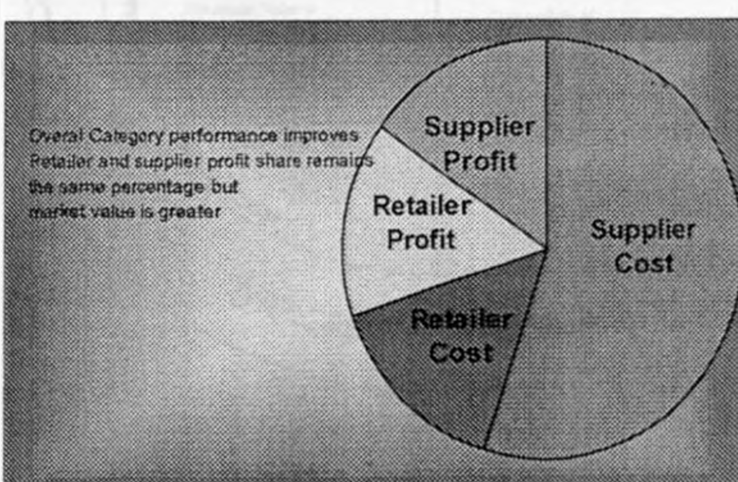


Figure1: Principles of efficient consumer response adapted from Retail Product Management: Buying and Merchandising by Varley Rosemary, 2001 pg 43

Efficient consumer response emerged in Europe in the early 1990's. In the shaping of efficient consumer response a number of high profile retailer and supplier partnerships trial led new management initiatives and systems under the guidance of some well – known management consultancies who had seen how successful the just-in-time philosophy had been in gaining efficiency in the supply chain for manufacturing companies (Varley, 2001).

ECR manages the supply of goods through the retail supply chain according to their demand by consumers. ECR is not a small undertaking as its various facets shown in **Figure 2**

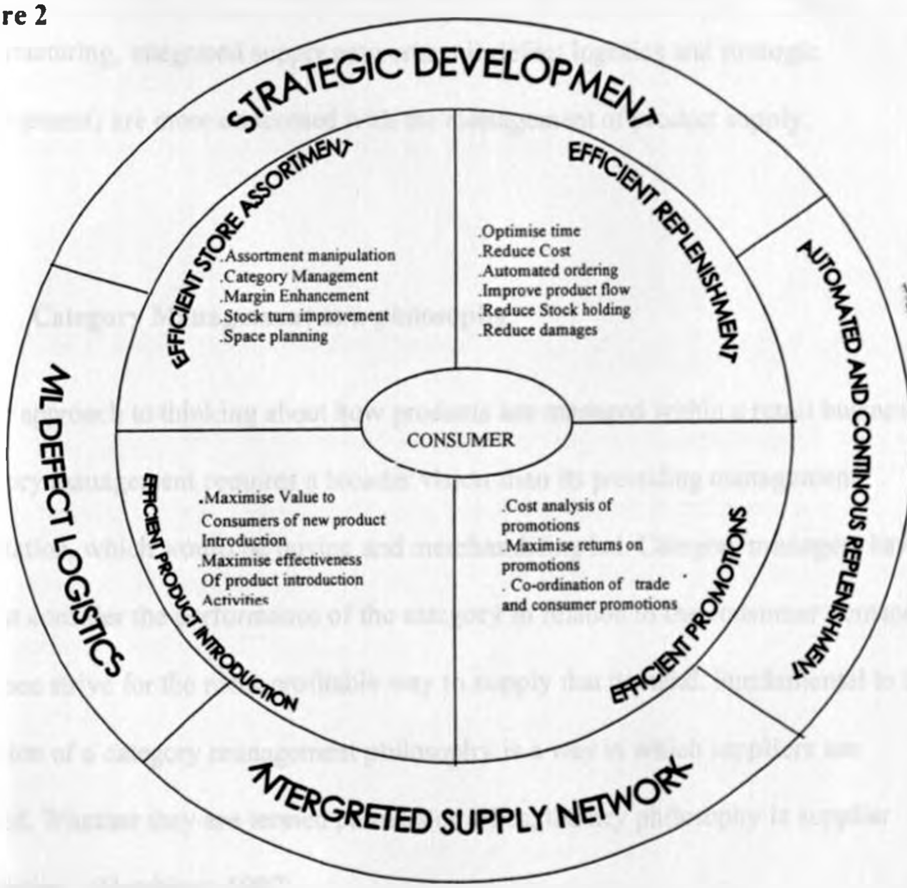


Figure 2: The scope of efficient consumer response adapted from Retail Product Management: Buying and Merchandising by Varley Rosemary, (2001).

Figure2 shows the scope of ECR as a holistic system encompassing a broad range of activities where improvements in efficiency might be made. All parties work as 'allies' with consumer purchasing power and patterns as the focus for all activities. The level of efficiency gained in the satisfaction of customers is that measure of success of the system and the rewards are obtainable by all the contributing allies in the system (Varley and Rafiq 2004). The first level activities (efficient store assortment, product introductions, promotions and replenishment) are chiefly concerned with the management of consumer demand and the initial response to it, whilst the second level automated and continuous replenishment, synchronised manufacturing, integrated supply networks, nil defect logistics and strategic development) are more concerned with the management of product supply.

2.5 Category Management as a philosophy

As an approach to thinking about how products are managed within a retail business, category management requires a broader vision than its preceding management orientation, which would be buying and merchandising led. Category managers have to first consider the performance of the category in relation to the consumer demand and then strive for the most profitable way to supply that demand. Fundamental to the adoption of a category management philosophy is a way in which suppliers are viewed. Whether they are termed partners or allies, the key philosophy is supplier integration. (Hutchings 1997)

2.6 Category Champions

The suppliers who take on a major role in the category management process are often referred to as category champions or category captains; whilst they are expected to be able to accept the presence of other suppliers and their contribution to the overall success of the category from the consumers' and (retailers) point of view, they have a major interest in the category and its performance as a whole because their own success is dependent on it. For example, many category champions produce assortment plans or Plano grams for retailers that include all products within a category, whether they are their own, another supplier's brand or other retailer's own branded products. A supplier that is in a very dominant position within a category may even manage the inventory for the retailer. (Mc cawley 2000)

2.7 The Category Management Process.

Category management is generally viewed as a step –by step planning and implementation process that helps the retailers and suppliers to achieve both performance – based objectives and long-term strategic aims. This process is outlined in figure 3,

Category management process

Category Definition	Define category	• Determine products that makeup the category from a consumers perspective • Consider the role of sub-categories or individual SKU'S in the categories
	Establish the strategic role of the category in the total product assortment	Develop a strategic plan for the category considering long term trends
Category planning	Establish the performance measure for the category	Determine a way in which performance of the category will be evaluated. Consider various costing and profitability approaches
	Formulate a strategy for the category	Develop marketing and supply development plan to achieve both short term and long-term category objectives.
	Establish the category marketing mix	Determine the various tactics to be used with the marketing and supply plan for example space allocation, promotions.
Category management implementation	Establish category management roles	Assign responsibilities for category management within both retailer and supplier organizations
	Category review	Measure monitor and modify category

Fig3. Category Management Process. Source: Adapted from Fernie and Sparks Logistics and Retail Management (1998:33) Kogan Page Publishers

2.7.1 Definition of Category

The way in which a category of merchandise should be defined is yet to be fully established (Varley, 2004). Nevertheless, there is a general agreement that it should be established by the way consumers buy the product in question (Willis 1999).

Generally products within a category should be reasonable substitute for one another; for example Gillette shaving razors and Bic shaving razors, although products within some categories might have an element of being complementary to one another: for example toothpastes and toothbrushes. Some categories may have recognizable sub categories, which may become categories in their own right; for instance, a hair care category might be broken down into sub categories of shampoo, conditioner, two-in-one conditioners and styling products.

2.7.2 The role of Stock – Keeping – Unit (SKU) within the product category

Individual roles are played by different brands. Some products within the category are 'traffic builders', generating high sales and having a large market share; they draw customers into the store and their absence would risk customer loss (McGrath 1997). Other products such as own – label goods, have roles that are clearly concerned with achieving sales or profit objectives for example Ukwala cooking fat. Some SKUs create excitement or play a key role in reinforcement of the retail brand image and some products play roles that are directly confrontational to other members of the category; for example an own branded product that fights for market share with a brand leader; for example Tusker Sugar versus Mumias Sugar.

Each member of the category (SKU) should be making an individual contribution to the performance of the category. If a brand does not have a clear role then a project management decision may need to be taken for example could one brand be deleted and sales successfully transferred to another more profitable brand? Does the category include enough excitement generators? (Mc cawley 2000)

2.7.3. The Strategic role of the category

Product categories themselves have a different characteristic, which means they have to be managed in different ways in order to achieve optimum profitability. Some categories may be dominated by premium brands while others might be more value driven. If a category is composed largely of premium brands, then most of the brands in the category are, or should be, quite profitable. If on the other hand the category is comprised mostly of value and own-label brands, then the opportunity to obtain higher profits will be lower for both the retailer and the supplier. There may be opportunities for retailers and suppliers to work together to improve the profitability of certain product categories via product innovation and/or brand repositioning. Beer and athletic footwear are examples of categories that have shifted from value to premium (Vishwanath and Mark1999)

2.7.4 The role of category within a store

Category management not only looks at the detail of the product SKU "members" within the category but also concerned with the role of whole product category within the retail outlet and the contribution the category makes to the strategic positioning of the retail brand identity.

Retailers are using category management in pursuit of product differentiation and to gain competitive advantage over their rivals.

They need suppliers who understand their retail market positioning and who can help them to improve the performance of their strategic product categories, not only from point of short to medium term profitability, but also to enhance an image of creativity and innovation, excitement and theatre in store (Din 2000). Category oriented point of sale display materials can reinforce a strategic product category positioning.

2.7.5 Establish the performance measure for the category.

As an integral part of a management approach that looks towards efficiency in demand management as well as supply management, category management has profitability as its key performance indicator.

Fernie (1998) recommends activity based costing for evaluating category performance because it not only considers the cost of supply (logistic and selling) but it also takes account of the costs associated with demand management such as the costs of product introductions and the costs of promotional activity.

2.7.6. Formulate a strategy for the category

Having defined the category and its role within the retail business and established profitability as the success indicator the next step in the category management process is to draw up a strategy for a particular group of products. Issues such as promotional activity, product assortment planning, own brand strategy and proprietary brand support needed to be blended together in order to maximise category profit performance.

2.7.7. Category Mix

The set of tactics used to achieve the optimum range assortment and to obtain efficiency in promotions, product innovation and replenishment will be determined by the strategy formulated for the category. In essence, the category receives its own marketing mix within the parameters of the retail brand identity. For example by conducting efficient promotions, a retailer does not waste resources by promoting brands whose performance does not pay. (Keeffe and Fearne 2002)

Unless promotional activity is going to result in overall better of the category or bring some other long benefit to the retailer (such as loyalty to a store because of its offers), then it may be better to resist the promotion. Point of sale display s can also be viewed within same analytical judgement; for example, changes to shelf allocations or the use of point of sale materials should only be undertaken if they have a potential to improve the performance of the whole category for the retailer. Prices may also be manipulated in order to maximise category performance. The use of "known-value" items, where there is little price elasticity, is important in value driven categories such as bread, whereas in premium product categories, such as wine, retailers have more opportunity to increase margins and benefit from impulse – based promotional offers.

(Mc Grath 1997)

2.8. Category Management as an organizational concept

Category management requires an understanding of how customers shop; this traditionally been the concern of marketers rather than buyers within a retail business. Category management therefore brings a much stronger marketing orientation to the product management process. Category management has the effect of reducing the role of the buyer and augmenting the role of the merchandiser, but essentially a category management role is a cross-functional one. According to Willeman and Jary (1997): 'the intersection of buying and merchandising and marketing is the heart of retail brand management and its focus is category management'.

The implementation of category management, like the rest of the ECR approach to product management relies on collaborative and co-operative supply partnerships. Category management requires a focus team organization that spans both suppliers' organizational boundaries.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

This was an exploratory study that sought to find out the how category management influences consumers purchase behaviour and choice of supermarket. It was carried out Nairobi's, large and medium supermarkets. The main reason being that they hold different product assortment, attract different consumers in terms of social class, ethnicity, age lifestyles including income categories. Secondly, the supermarkets are located in different parts of Nairobi.

3.2 Population

Target population of interest in this study consisted of Nairobi shoppers' who visit large and medium supermarkets located within Nairobi. Although there is no comprehensive record of all supermarkets in Kenya, Nairobi has the highest concentration of large and medium supermarkets.

3.3 Sampling

The sampling consisted a list of supermarkets developed from a list obtained from Radbone –Clark Kenya Limited. This was updated with one from Brook side Dairy Limited and Wrigley Kenya Limited, resulting in a list of 67 supermarkets. They were ranked in order of size according to sales volume by respective firms to the supermarkets and were classified into two categories; see list of supermarket Appendix 3. The first twenty-nine are classified as large sized supermarkets. The target population for this study comprised all consumers who shop within the city of Nairobi in supermarkets.

The population was divided into two clusters. Disproportionate sampling was used. From the list of supermarkets, 22 classified as large, were picked randomly, the second category categorized as medium; a random sample of 29 were picked. A total sample of 51 supermarkets was considered representative for the purpose of data analysis and generalization. A sample of one hundred and 150 respondents was selected randomly See table below. Mburu (2001) had a sample of one hundred and fifty customers, Wambugu (2002) had a sample of one hundred and forty four customers, and Ngatia (2000) used a sample of two hundred and fifteen supermarket customers.

Table 1 Sample for the selected supermarkets.

Size	Outlets	No. of supermarkets	Sample size
Large	Nakumatt	11	62
	Uchumi	3	6
	Tusker	8	28
	Sub-Total	**22**	**96**
Medium	Ukwala	4	5
	Naivasha self-service	2	4
	Wool matt	1	1
	Chandarana	3	7
	Others	19	37
	Sub-Total	**29**	**54**
	Grand Total	**51**	**150**

3.4 Data collection

Primary data was collected using a structured questionnaire. The questionnaire was administered to the customers as they left the supermarket. The preferred days of administering the questionnaire were Saturdays' and Sundays' as they are the preferred shopping days. The questionnaire was filled by the respondent as the researcher /research assistant waits. This helped reduce instances of non-response and was to encourage clarification on questions that were not clear.

The questionnaire consisted of three parts;

Part A- sought to capture the bio – data of the respondent and their families.

Part B-sought to determine the extent to which category management influences the consumer purchase behaviour.

Part C- sought to determine the extent to which category management influences consumer choice of a Supermarket.

3.5 Data analysis

The data collected in Part A analysis was done by use of descriptive statistics. In particular tables and were used to summarise respondent's answers. Percentages of the respondent's answers were determined to give the relative proportion of respondents giving related answers.

To allow for easier analysis, the variables in part B and part C were further grouped into those that will affect the consumer's purchase decision and choice of supermarket respectively. The likert scale was used to determine how category management influences the consumer purchase behaviour and choice of supermarket

Using the likert scale, the scores from the important attributes were measured as per the table below: -

Table 2. Measurement Scale of attributes.

Range	Measurement
4.01 – 5.00	Very Important.
3.01 - 4.00	Important.
2.01 - 3.00.	Somewhat not Important.
1.00 - 2.00.	Not Important.
1.00 and Below.	Not Important at all.

3.6 Operationalization of terms

a) Supermarket:

Is a large retail store operated on a self service basis. selling groceries. fresh produce, meat, bakery and dairy products and some times an assortment of non - food goods.

b) Medium Supermarkets

Are characterised by large facilities (15000 to 25000 square feet [1394 to 2323 square metres] with more than 12000 items), low profit margins, high volume and operation that serves consumers total needs for items such as food (groceries, meats, dairy products (Oxford University Press, 2002). They are organised according to product departments and operate on a self-service basis. Supermarkets may also sell wines and other alcoholic beverages (depending on the licensing laws) and clothing.

c) Large supermarkets

Are unique retail merchandisers with facility averaging 35,000 square feet (3253 square meters) (Oxford University Press, 2002). Are usually about twice the size of medium supermarkets found on the edge of the town and carry more than 30000 items.

Will meet many of the consumer's needs for food and non-food items by housing a full- service grocery store as well as services such as dry cleaning, laundry, shoe repair, a pharmacy and a cafeteria.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the analysis and findings from the primary data that was gathered from respondents of the study. The response rate was 100% since the questionnaires were administered on the spot.

4.2 Demographic profile of respondents.

In this section, the profile of respondents was noted in terms of their age, education, gender, income and employment. All these were analysed and findings presented.

4.2.1 Age.

The respondents were required to indicate their age brackets, as this would have some impact on the findings. The overall findings are presented in the table below,

Table 3 Age

Age	Number	Percentage
18-29	60	40
30-49	76	51
Above 50	14	9
Total	**150**	**100%**

From the above table it is evident that out of the 150 respondents, 60 (40%) were between ages 18 - 29 years, 76 (51%) were between ages 30 – 49 years while only 14 (9%) were over 50 years. This means majority of the respondents were below the age of 50 years and therefore most shoppers were the young and energetic

4.2.2 Education

The researcher felt it necessary to have the respondents indicate their education level. The outcome can be seen in the table below;

Table 4 Education level

Education	Number	Percentage
Secondary	7	5
College	85	57
University	58	39
Total	**150**	**100%**

Out of 150 respondents, 7 (5%) had only secondary school education, 85 (57%) had at least reached college, while 58 (39%) had a university degree. These findings reveal that most respondents had reached at least tertiary level therefore aware of their economic environment

4.2.3 Gender

The respondents were asked to indicate their gender. Overall responses are indicated below;

Table 5 Gender

Gender	Number	Percentage
Female	106	71
Male	44	29
Total	**150**	**100%**

Out of 150 respondents, a majority, 106 (71%) were female while the remaining 44 (29%) were male. These findings indicate that there were more female shoppers' compared to males.

4.2.4 Income.

The respondents' were asked to indicate the category that best fitted their income. The results from the overall findings were as presented below;

Table 6 Overall income levels

Income kshs '000s	Number	Percentage
0-6000	12	8
6001-15000	39	26
15001-50000	65	43
50001-250000	28	19
Above 250001	6	4
Total	**150**	**100%**

Out of 150 respondents only 8% were earning Kshs. 6000 and below, 26% were earning between Kshs. 6001 and Kshs. 15000, 43% were earning between Kshs 15001 and Kshs50000, 19% were earning between Kshs 50001 and Kshs 250000, while a paltry 4% were earning over Kshs 251000.

This indicates that majority of the respondents' that is about 69% were middle-income earners.

4.2.5 Employment.

The researcher was also interested in classifying respondents' into the type of employment. The outcome has been presented in the table below.

Table 7 Type of Employment

Employment	Number	Percentage
Formal	118	79
Informal	32	21
Total	**150**	**100%**

Out of 150 respondents', 118 (79%) were formally employed while only 32 (21%) were in the informal sector. These results showed that most of the shoppers were in some type of formal employment.

4.2.6 Marital Status.

The respondents' were also asked to indicate their marital status. The findings have been presented in the table below;

Table 8 Marital status

Marital status	Number	Percentage
Married	88	59
Single	58	39
Others	4	3
Total	**150**	**100%**

Out of 150 respondents' 88 of them were married this represented a 59% of the total.58 of them (39%) were single, while only 4 of them (3%) did not fit in the 2 categories above. From the above there were more married people shopping than the other categories.

4.3 Category management influence on consumer purchase behaviour.

The respondents were asked to indicate the extent to which category management influences their purchase behaviour these were factors encountered in-store while shopping.

They were presented with a likert type scale in which they were to rank the factors in a five – point scale with 5 being very important and 1 being not important at all. The researcher's analysis is that factors that scored between 4.0 - 4.99 were very important, those between 3.0 – 3.99 were important, those between 2.0 – 2.99 were neither important nor unimportant, while those between 1.0 – 1.99 were less important.

4.3.1 In – store attributes influencing consumer purchase behaviour.

The in – store factors that were considered were related to Availability of merchandise, packaging, continuous updating of brands, displays, store layout, promotions, stock pressure, product range, and freshness of products.

The findings were as presented in the table on the next page.

Table 9 **Influence of in-store attributes on consumer purchase behaviour.**

Attributes	Mean	SD
Availability of all types of merchandise (items) both local and imported	4.37	0.95
Goods or items in the categories offered are in different sizes and quantities	4.62	0.76
Products in the categories offered are continuously updated with new brands in the market	4.15	1.11
Products offered are well displayed and easily identifiable	4.70	0.59
Store layout is shopper friendly (Categories well laid out)	4.52	0.73
Frequent promotion on different products	3.61	1.31
Supermarket is always stocked with my favourite brands	4.64	0.67
Product quantities guaranteed at all times (rarely missing items)	4.61	0.78
Availability of durable and non durable goods	4.35	0.93
Availability of perishable and non perishable goods	4.45	1.01
Product offered are usually fresh and rarely stale	4.79	0.59

Results showed that availability of all types of merchandise got a mean score of 4.37, while product offerings in different sizes scored 4.62. Continuous updates of brands scored 4.15 as display scored 4.7. Store layout scored 4.52, promotions scored 3.61 while supermarket stocked with favourite brands scored 4.64. Guarantee of product quantities scored 4.61, availability of durable and non – durable goods scored 4.45. Availability of perishable and non – perishable goods scored 4.45, while product freshness scored 4.79.

Apart from promotions, was the least significant with a standard deviation of 1.31, the other in- store attributes were very important to the respondents while shopping.

Freshness of products with a standard deviation of 0.59 was the most important attribute, followed by display, standard deviation of 0.59, availability of favourite brands, and standard deviation of 0.67 and product offerings in different sizes with a standard deviation of 0.76.

4.3.2 Influence of category management on consumer's choice of supermarket.

The respondents were asked to indicate the extent to which the following factors determined their choice of supermarket: Proximity to office or home, shopping alone, shopping with friends or family, having a shopping list, when they shop, cleanliness of supermarket and helpful supermarket staff. The results are presented on the following table.

Table 10 Influence of category management on consumer's choice of supermarket

Attributes	Mean	SD
Supermarket near office or home.	4.21	1.10
Likes shopping alone.	3.13	1.39
Likes shopping with friends and family.	3.39	1.25
Prepares shopping list before hand.	4.17	1.19
Prefer shopping during weekends.	3.99	1.37
Supermarket is clean and, well lit and immaculate.	4.55	0.82
General image of the supermarket.	4.26	1.05
Helpful and informed staff	4.39	1.15

Supermarket near office or home had a mean score of 4.21, shopping alone scored 3.13, while shopping with friends or family scored 3.39.

Preparedness with a shopping list had a mean of 4.17, shopping during weekends scored 3.99 as clean and well-lit supermarket had 4.55

General image of the supermarket scored 4.26 as helpful and informed staff had a mean score of 4.39.

From the results clean and well-lit supermarkets was the most important factor with a standard deviation of 0.83, while the least favourable factor was shopping alone with a standard deviation of 1.39.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction.

This chapter summarizes the findings of the study. It presents discussion, conclusions and recommendations of the study. It provides an interpretation of results by comparing them to the theoretical background presented in chapter two. Limitations of the study and suggestions for further research are also highlighted.

5.2 Summary.

The results of the study were summarized in relation to two research objectives. The first was to determine how category management influences consumer purchase behaviour while the second was to establish how category management influences consumer choice of supermarket.

5.2.1 How category management influences consumer purchase behaviour.

Factors were drawn from in – store tactics and how supermarket owners use them to make the shopping trip more pleasant and satisfying.

From the results it came out clearly that among the in – store attribute considered most important in category management in influencing consumer purchase behaviour was assurance that products were fresh. This attribute scored an overall mean of 4.77. It is actually in line with arguments presented by Kotler (2000) who noted that presentation of a product determines who it may appeal to and consumers consider freshness and healthiness for value for money.

Display that scored an overall mean of 4.70 was considered a very important in – store factor. The importance of display lies in the fact that it impacts purchasing decisions, right there at the shelf. It is said that about 70% of consumers make their purchase decision at this point. This is in agreement with arguments by Singh (1999) that display is a powerful tool that influences consumer purchase behaviour. A good impactful display apart from being an attraction to the consumer, "talks" to him as he shops. A good display he notes is like a "silent sales person" with a strong influence on the final purchase decision.

The third factor that was considered as very important was supermarket always having one's favourite brands that scored an overall mean of 4.64. Respondents confirmed that they would move from one outlet to another in search of their preferred brands. This concurs with arguments by Varley and Rafiq (2004), Kotler (2000) and Singh (1999) that product ranges have to be managed in a way that most popular items can always be found while at the same time taking advantage of the consumer's tendency of seeking variety by introducing new product ideas and innovations.

Goods or items in the categories being offered in different sizes or quantities were considered as the fourth very important factor. It had an overall mean of 4.62. Respondents confirmed that products that are in different sizes gave an opportunity of choosing the most convenient size depending on availability of money or need, absence of which would make choice difficult or totally locking them out of that category. This is in agreement with the argument by McGrath (1997) that each member of the category should be making an individual contribution to the performance of the category.

5.2.2 How category management influences consumer's choice of supermarket.

Factors were drawn from both in – store and out of the store. From the results, a clean supermarket was rated highly and was the most important factor with a mean score of 4.55. The respondents confirmed that a clean outlet was a reflection of what one will get on the shelf. They associated a clean outlet with quality and hygienic products.

The second determinant was helpful and informed staff. This scored an overall mean of 4.39. Respondents confirmed they felt more comfortable in a supermarket where staffs were ready to attend to their issues fast without prejudice. This concurs with an argument by Singh (1999) that friendly service, as a variable will influence choice of outlet.

General image of the supermarket scored an overall mean of 4.26. Respondents had a perception that a good image gave them assurance of good service, quality and variety of goods.

The fourth factor considered as very important was proximity of supermarket from home or office. This scored an overall mean of 4.21. Respondents found this an important factor as shopping they sometimes shop near the office as they were going home from work. Alternatively, they felt that an outlet near home would be the ideal shopping store especially when doing bulk shopping.

Shopping alone was the least attractive factor when it came to choice of an outlet. It scored an overall mean of 3.13. Respondents found shopping in company of friends or family members more attractive with an overall mean of 3.93.

5.3 Conclusion.

Category management as a concept requires understanding the consumer for it to be successfully implemented. Outlet owners need a deep insight into how the consumer behaves in order to strike a win – win situation, that is, customer satisfaction and profit generation.

Category management requires that suppliers be incorporated in strategic planning as far as supply of goods and in – store display and merchandising.

The study has unearthed the attributes of category management considered very important by consumers in influencing their purchase decisions and supermarket choice. Product freshness came out as the single most important factor in influencing consumer purchase behaviour with a mean score of 4.79, where as product display followed closely with a mean score of 4.70. Stocking consistency was also an important attribute with a mean of 4.64.

It also revealed areas the respondents did not attach a lot of importance when it came to choosing an outlet, for instance category management played a minimal role when it came to shopping alone which had a mean score of 3.13 and shopping with friends and family with a mean of 3.39.

Attributes that were mostly considered very important by respondents were in – store factors like product freshness, display, stocking consistency, different pack sizes and clean supermarket with means of 4.79, 4.70, 4.64, 4.62, and 4.55 respectively, while out – of the store attributes like shopping alone and shopping with friends and family members with means of 3.13 and 3.39 respectively had lesser weight on influencing purchase behaviour.

5.4 Recommendations.

For successful category management, there is need for retailers and suppliers to understand the consumer and focus on delivering customer value. They need to manage categories together based on information gathered on how consumers behave.

Suppliers and retailers need to work as partners where the former must be seen to add value to the categories they represent for the benefit of the consumer and grow the categories in general.

5.5 LIMITATIONS OF THE STUDY

During data collection one of the biggest chain of supermarkets, Uchumi was undergoing a crisis, which led to lesser number of feet walking into the stores. This eventually led to its closure before data collection was completed.

It was a challenge to have male customers respond to the questionnaire. Most prospective male respondents considered it either a waste of time or irrelevant to them.

It was a major concern to most medium supermarket owners that the research assistants were interfering with the peace of their customers, this was more so with up – market areas.

The study was carried out in supermarkets based in Nairobi; the results may therefore not be taken to represent all supermarkets around the country.

5.6 SUGGESTIONS FOR FURTHER STUDY

Further research is suggested in areas outside Nairobi where size of supermarket may be smaller and consumer behaviour dissimilar. Emphasis may be placed on supermarkets across the country, or even the wider East African region of Kenya, Uganda and Tanzania, especially as these three countries are preparing to move into the East African Community. This may reveal different findings from the current one thus providing suppliers and retailers with more areas to look into while targeting consumers from such areas.

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APPENDIX 1

QUESTIONNAIRE

PART A: Personal Bio – data.

Kindly tick /fill to indicate your answer.

Q1. Gender respondent

Female [ ] Male [ ]

Q2. Marital status

Single [ ] Married [ ] Other [ ] Specify

Q3. Age (Years)

18-29 [ ] 30-49 [ ] 50 and above [ ]

Q4. Education level

Primary [ ] Secondary [ ] College [ ] University [ ]

Q5. Employment

Formal [ ] Informal [ ]

Q6. Income level (Ksh '000)

0-6 [ ] 7-15 [ ] 16-50 [ ] 51-250 [ ] 251 + [ ]

PART B: How category management influences consumer purchase behaviour

Please tick to indicate the extent to which these statements are important to you as far as category management influences your purchase behaviour

	Very important (5)	Important (4)	Somewhat not important (3)	Not important (2)	Not important at all (1)
1. Availability of all types of merchandise (items) both local and imported					
2. Goods or items in the categories offered are in different sizes and quantities					
3. Products in the categories offered are continuously updated with new brands in the market					
4. Products offered are well displayed and easily identifiable					
5. Store layout is shopper friendly (Categories well laid out)					
6. Frequent promotion on different products					
7. Supermarket is always stoked with my favourite brands					
8. Product quantities guaranteed at all times (rarely missing items)					
9. Availability of durable and non durable goods					

10. Availability of perishable and non perishable goods					
11. Product offered are usually fresh and rarely stale					

PART C: How Category management influences consumer choice of a supermarket.

Please tick to indicate the extent to which of these statements are important to you as far as your choice of supermarket is concerned.

	Very Important (5)	Important (4)	Somewhat not important (3)	Not Important (2)	Not Important at all (1)
1. Supermarket near office or home.					
2. Likes shopping alone.					
3. Likes shopping with friends or family members.					
4. Prepares a shopping list before hand.					
5. Prefer shopping during weekends.					
6. Supermarket is clean, well lit and immaculate.					
7. General image of the supermarket.					
8. Helpful and informed staff					

APPENDIX 2

LETTER OF INTRODUCTION

University Of Nairobi,
Faculty of Commerce,
Department of Business Administration
P.O. Box 30197,
Nairobi.

To whom it mav concern

Dear Respondent,

RE: REOUEST FOR RESEARCH DATA

I am a postgraduate student at the University of Nairobi, Faculty of Commerce. In partial fulfilment of the requirements for the award of the Degree in Master of Business Administration, I am conducting a study entitled 'Influence of Category Management on Consumer Purchase Behaviour: A case of customers of large and medium Supermarkets in Nairobi'. You have been selected to participate in this study.

For enhancing my research work, I wish to collect data through the questionnaire method. I shall be grateful if you would kindly extend to me help I may need to have this questionnaire completed.

This information is purely for the purpose of my project work and I pledge that it shall be treated with strict confidentiality.

A copy of final research report will be availed to you upon request

Yours Faithfully,

Keith Mararu
MBA Candidate

Dr Raymond Musyoka

Lecturer Department of Business Administration.
Supervisor.

APPENDIX 3

List of Large and medium supermarkets

1. Nakumatt Mega	33. Ukwala Haileselasie
2. Nakumatt Junction	34. Ukwala Ronald Ngala
3. Nakumatt Ngong	35. Ukwala Makro
4. Nakumatt Ukay	36. Ukwala Hakati
5. Nakumatt Downtown	37. Chandarana High ridge
6. Nakumatt Embakasi	38. Chandarana Yaya
7. Nakumatt lifestyle	39. Chandarana Muthaiga
8. Nakumatt Village	40. Wool matt Wabera
9. Nakumatt High ridge	41. Wool matt Moi Avenue
10. Nakumatt Thika road	42. Safeway Hurling ham
11. Uchumi Hyper Sarit centre	43. Safeway Zimmerman
12. Uchumi Hyper Ngong road	44. Rikana Doonholm
13. Uchumi Hyper Mombasa Road	45. Rikana Supermarket (Jogoo Road)
14. Uchumi West lands	46. Naivasha self service (Ronald Ngala)
15. Uchumi City square	47. Naivasha self service Komorock
16. Uchumi Koinange	48. Sky mart supermarket (Biashara street)
17. Uchumi Buruburu	49. Sky mart Super market (Mombasa Road)
18. Uchumi Adams Arcade	50. Double touch supermarket
19. Uchumi Parklands	51. Selfridges Don Holm
20. Uchumi Jogoo Road	52. Muthaiga Mini Market
21. Tusker Express	53. Continental supermarket
22. Tusker Buruburu	54. Alfose Supermarket
23. Tusker Hakati	55. Satellite Supermarket
24. Tusker Daima	56. City mattress
25. Tusker Imara	57. Esajo Supermarket
26. Tusker Rongai	58. Karen provision stores
27. Tusker Magic	59. Foodies Supermarket
28. Tusker Pioneer	60. Choices Supermarket
29. Tusker O.T.C	61. J. Mart Supermarket
30. Eastleigh Mattress (River Road)	62. Fairlane Supermarket
31. Eastleigh Mattresses (Mfangano)	63. Mesora Supermarket
32. Eastleigh Mattress (Eastleigh)	64. Spring valley Supermarket
	65. Ebrahims
	66. Kangemi Supermarket
	67. J.Mart Nairobi West