FACTORS INFLUENCING CONSUMER CHOICE OF SUPERMARKETS IN
NAIROBI, KENYA.

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER
OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENTOPTION).

SCHOOL OF BUSINESS KENYATTA UNIVERSITY

APRIL 2010
DECLARATION

This research project is my original work and has never been presented for a degree in Kenyatta University or any other institution of higher learning.

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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 Caroline, Ryan and Leon for their understanding hearts, wisdom and passion.

Demands to do the fundamentals better than ever before were the reason for this course.
ACKNOWLEDGEMENT

I salute my supervisor Professor J. M. Chege, without whom I could not have made the first step. He helped establish the roadmap for the study. I am grateful to Mr. Bett and Mr. Murungi of Business Administration for their helpful comments on the original version which enabled me to refine and develop arguments.

Am also greatly indebted to my fellow students Erustus and Joseph with whom I shared in many ways. I should be thankful to Mr. Kaminjui who assisted me with data analysis and proof reading.
ABSTRACT

This study aimed at identifying the factors that influence consumer choice of supermarkets in Kenya. Supermarket sub sector is characterized with low customer loyalty where customers keep switching between stores in search of better bargains. This makes customer behaviour in store choice a fundamental area of focus. The study attempts to isolate customers store choice and patronage factors. To resolve the problem of choice, objectives touching on variables like proximity, ambience, product variety, price, mode of payment and customer service are used to guide the study.

A descriptive research design is used to describe the current status among supermarket customers. A two section questionnaire was administered on fifty respondents, ten selected from each of the five selected stores.

Overall the study established product variety and proximity as the main factors driving customer store choice. Surprisingly staff and referral factors ranked lowly which sharply contradicts some earlier studies notably the one by Piyush and Banerjee (2004). The study concludes that conveniently located stores, opening for long hours, offering special discounts and good product quality help win customers. The three lowest ranked components include; enough sales assistants, delivery of products to parking areas and home delivery of bulk goods. However the study found no extremes among the five independent variables used. All the variables ranked between mean scores of three and four which means they influence store choice either to some extent or large extent.

The study recommends that supermarkets undertake continuous customer surveys to isolate factors driving customer choice of stores. The study finally suggests further research based on other forms of retailers.
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CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter gives a broad introduction of the study area. It consists of a brief background of consumer choice with developments in expectations and ability to satisfy customer needs.

1.1 Background of the study

In today’s competitive markets, conventional wisdom says that customer is King. According to Ansoff (1987), the fast changing global business environment makes it imperative for organizations to constantly adapt their activities in order to succeed. He further argues that in the current climate of low-growth and increased competition, companies must concentrate more resources on satisfying customer requirements. This process can be greatly helped by marketers, for example in creating an optimal customer portfolio, developing a special marketing mix and reorganizing the marketing organization. Supermarket retailing industry has traditionally been associated with using low pricing strategies, dealing with an assortment of all varieties of merchandise, location among others to create a competitive edge over other types of retailers. Reinchheld (1996) concludes that a
good balance of marketing efforts between getting new and keeping old customers will be of vital importance in developing future success and profits. Christopher et al (1997) observe that organizational survival will depend upon their moving closer to their customers, and fully understanding their needs and wants. In the same vein, Doyle (1994) argues that for a business to succeed it should engage in or focus on satisfying customer needs and this can be through organizing itself to meet the needs of the target customers more efficiently than its competitors. The Kenya retail sector has undergone a major shift from a stable, predictable, non volatile and less competitive environment to one characterized with high volatility, unpredictable and highly competitive. Globalization has further complicated the situation.

A firm can achieve a sustainable competitive advantage by focusing on operational effectiveness coupled with distinctive strategic positioning (Porter, 2001). Operational effectiveness is improving on competitors operations. Strategic positioning on the other hand involves devising and delivering added and unique value to the target markets. There has been stiff competition from food stores and discount stores forcing supermarkets to adopt proactive measures such as operating fewer but larger stores as well as dealing with non food items such as beauty products, home appliances and clothing among others in order to increase profits (Thomas, 1988). Traditionally, marketers predicted customer needs
interpreted them into products and pulled the customers towards the products by manipulating the 4ps of marketing mix; product, price, place and promotion (Ahmed et al, 2002). However over the time, maintaining long term relationships with customers emerged as an all important mission for companies. Reinchheld (1996) proposes retaining the three pillars of a business; customer, employees and investors in a cohesive working order all directed at meeting customer expectations.

Economic liberalization and the formation of regional groupings have enabled supermarkets in Kenya to have access to multiple sources of merchandise from different manufactures. In their bid to become the favorite store, the importance of understanding what customers consider in their choice of supermarket store can not be ignored. The 1970’s brought about supermarkets which added more sophistication to retailing. The 1980’s and 90’s saw the rise of shopping complexes like “the Mall”, “Sarit center” and “Yaya centre” and even more modern supermarkets. These were closely followed by hypermarkets that offer the widest selection of products and services so far. Despite the continued modernization of retailing backed with new technology, the traditional retailer operating a shop or a kiosk retains his rightful place.

Though there is no universally accepted definition of the term “supermarket”, in the US it is generally accepted to mean a self service departmentalized food store
with a minimum sales volume of US dollars 1 million per annum (Hasty, 1983). However for the purpose of this study the definition of ACNielsen/Kenya for supermarkets will be adopted—"self service stores handling predominantly food and drug fast moving consumer goods (FMCG) with at least 150 square meters of floor space. Both Pickering (1966) and Baker et.al. (1969) argue that supermarkets are basically grocery stores with the grocery department operated on a self service basis. A self service shop should have a minimum 2,000 square feet of selling space to justify the term and a proportion of around 25% of non food items (Philpot, 1963). The traditional supermarket occupies a large floor space or a single level and is situated near residential areas in order to be convenient to consumers (www.wikipedia.com). Its basic appeal is the availability of a broad selection of goods under a single roof at relatively low prices. Other advantages include ease of parking, the convenience of shopping hours that extend far into the evening and relatively low prices. Supermarkets are often part of a chain of branches that owns other supermarkets located in the same or other towns. This increases the opportunity for economies of scale. Customers usually shop by putting their products into shopping carts (trolleys) or baskets and pay for the products at the check out.
1.2 History of supermarkets

In the early days by retailing, all products had to be fetched by an assistant from shelves on one side of a counter while the customers stood on the other side and pointed to what they wanted. The concept of self service which is a key characteristic of a supermarket was developed by Clarence Saunders and his piggly Wiggly stores, when he opened his first store in Memphis, Tennessee in 1916 (www.grocetnia.com). In the 1960’s supermarkets begun appearing in developing countries in the Middle East, Asia and Latin America where they appealed to individuals who had food storage facilities (www.Britanica.com). The success of supermarkets is attributed to the great depression of the 1930’s which made consumers more price-conscious and stores located in low rent areas, sold nationally advertised presold brands on low-price appeal. This enabled them to cut prices while increasing volumes.

Today, supermarkets have been hit hard by a number of innovative competitors, like discount food stores, superstores and even convenience food stores (www.grocetaria.com). In order to improve their competitiveness they have opened larger stores, carry a larger variety and increased number of items while diversifying into non food items. Many now stock hardware, sporting goods, prescriptions and appliances to boost profitability. In addition supermarkets have gone for more strategic locations, larger parking lots, longer opening hours and
increased their promotion budgets and private brands, while investing in the design and production of modern shopping equipment like highly maneuverable trolleys. However, supermarkets are faced with a number of problems; loss of control of customers due to their numbers and space has lead to shop lifting and damages. These problems have been addressed by employing more staff to watch over customers, use of closed circuit televisions (CCTV) cameras and convex mirrors. Modern devices like the gateway 2000 scanner have almost reduced shoplifting to zero level.

The cost of transporting goods from their source to supermarket branches and putting price tags on individual packs is expensive both in manpower and technology. The other major problem is that of patrimonial management where family members are both owners and key decision makers. These weights down on performance when the family members lack business skills while limiting new ideas and experiences from outside. The other problem, though minor and pegged on logistics is one where customers pick more than they can afford to pay for (Daily Nation April 5, 2008). The process of returning the extra products to the shelves has in the past been time wasting as a manager has to sign first. This problem has been reducing thanks in large part to the increasing usage of scanning technology (Alcott, 1991).
Most supermarkets are similar in design and layout due to the trends in marketing. Fresh produce tends to be located near the entrance of the store. Milk, bread and other essential staple items are usually situated towards the rear of the store and in other out-of-the-way places, purposely done to maximize time spent in the store, strolling past other items and capitalizing on impulse buying, (Strasser, 2000). The front of the store or front end is the area where point of sales machines or cash registers is usually located. Of late many retailers in the developed world have implemented self-check out devices in an attempt to reduce labour costs.

Supermarketing as a mode of retailing is a recent phenomenon in Kenya and only took root in the 1970’s. The first recorded self service store in Nairobi was Westland’s general store (1960). Others include K&A (1962), Ebrahim’s self service stores (1970) and Uchumi supermarkets limited (1975) (Karemu, 1993). These supermarkets started off as self service stores with small trading areas which enabled easy monitoring of customers. Most of the earlier supermarkets in Nairobi were family businesses owned by Kenyans of Asian origin. Liberalization of the 1990’s occasioned a sudden rise in the number of supermarkets and even brought about several African owned ones. While about three decades ago only Ebrahim’s and Uchumi were known, the last three decades have seen a drastic rise in the number of supermarkets in Nairobi city. According to the city council
licensing office more than 220 supermarkets had been licensed to operate in Nairobi area by April, 2006.

Owing to increased retail internationalization; a vast amount of literature has emerged examining the international activities of European, North American and Japanese retailers. Although these studies are very valuable, they have mainly focused on developed markets and still little is known about the performance of retailers in Latin American and African markets (Dawson, 1999). Given the situation facing supermarkets in Kenya today, they stand to gain by attracting customers. Like any other business, a supermarket survival and profitability depend on customer patronage.

1.3 Statement of the problem

With the growth in disposable incomes and improving infrastructure, consumers have a wide choice of stores where they can shop. Customers are often faced with the dilemma of choosing between various products and outlets. Given the scenario, there is a need to study the true drivers of store preference (Karemu, 1992). In recent times, Leszyc and Sinha (2000) indicated that store choice could be conceptualized as a problem of deciding when and where to shop.

Kenya has witnessed a drastic change in the market environment with increased customer awareness, rapid advances in technology, increased product ranges,
shorter product lifecycles and cutthroat competition. Despite all the efforts made, customers keep shifting between stores as they seek to maximize their satisfaction (Buttle, 2004).

While choosing a store to patronize customers make several considerations that touch on the store’s ambience, location, merchandise variety, product quality, price levels, staff and store brand (Michael, 1992). There is therefore no doubt a need to fully understand factors that drive customer choice of a supermarket store to improve customer value and loyalty (Berry, 1996). Given the importance of the rise of supermarkets, it is crucial to understand what really influences consumers’ store choice within this key retail sub-sector.

1.4 Objectives of the study

The key objective for this study was to identify the factors that influence consumers’ choice of a supermarket store in Nairobi Kenya. Specific objectives include;

1. To identify whether proximity and ambience influence consumer choice of supermarkets in Nairobi Central Business district.

2. To determine the effects of product variety (one stop shop) on consumer choice of supermarket stores in Nairobi Central District.
3. To examine if other factors influence the choice of supermarket stores in Nairobi

4. Determine the position of customer service in consumer store choice.

1.5 Research questions

The research questions for this study were:

1. How does proximity and ambience affect consumer choice of a store?

2. To what extent does product type and variety influence store choice among customers in Nairobi?

3. Do other factors influence consumer store choice?

4. Does customer service really drive store choice among supermarket customers in Nairobi Kenya?

1.6 Importance of the study

This study is considered important by the researcher due to its anticipated contribution to the following:

Both current and new entrants in the retail sector, especially the supermarket sub sector will find the findings useful in gaining customer loyalty and increasing the traffic of customers who visit their outlets. They may get guidelines for maximization of returns on their investments through attracting customers.
Academicians and researchers will benefit by extending research into the areas that the study identifies but does not detail out. Up to now only little information is documented on large scale retailing in Africa. Therefore a lot need to be done in the area of customer motivation and the correlations that may exist between the factors.

Customers may benefit from this study when the various supermarkets incorporate new customer attraction strategies. Customers will enjoy more and better services. When their motivation is focused on, customers will be more contented with services making their shopping experiences enjoyable.

1.7 Scope of the study

The study focused on selected supermarkets in Nairobi city’s central business district, due to concentration of the same in the area. Many supermarket stores operating in Kenya are represented in Nairobi while the city is the most populous in the country. Other considerations made in selecting Nairobi were its cosmopolitan nature, convenience in terms of time and accessibility given the limited financial resources available to the researchers.
1.8 Organization of the study

The study report is composed of five chapters together with preliminary pages of declaration, dedication, acknowledgement, table of contents and a list of tables. The introduction chapter contains a brief background of the area of study. The chapter also contains research problem, objectives and questions for the study, importance, scope and limitations of the study.

Chapter two contains both general and empirical literature on factors influencing consumer choice of supermarkets in Kenya. Research methodology is covered in chapter three. Research design, target population, sample and data collection are explained under this chapter. It also touches on issues of validity, reliability, expected outcome and data analysis. Chapter four contains findings of the study and analysis of data collected. Summary, conclusions and recommendations are covered under chapter five. Limitations and suggestions for further research also fall under chapter five. The last part of the report is made up of references and appendices.
2.0 Introduction

This chapter presents a review of literature related to the subject of customer store selection. Literature on store choice will be reviewed. First, general literature will be presented. This will be followed by empirical literature.

2.1 General literature

Store choice is recognized as a cognitive process. It is as much an information processing behaviour as any other purchase decision. Store choice behaviour of shoppers shares many similarities with brand choice (Hasty, 1983). The only difference is the importance of the spatial dimension while brand choice is devoid of any geography, the choice of a store is very much influenced by location (Meyer and Eagle, 1982). This study is based on consumer behaviour which is that behaviour that consumers display in searching, using, evaluating and disposing products and services that they expect will satisfy their needs (Hawkins et al, 1986).

A store is chosen based on the self-confidence that the customer has regarding the store; about the nature and quality of product and service he will receive. The
importance placed on the customer's familiarity with the store will depend upon the perceived risk in making an erroneous purchase and the importance of the product category to the shopper. The store becomes a product of sorts and apparently is susceptible to the same kind of risk handling analysis technique accorded to products.

Another dimension that influences store choice decision is the type of shopping task. A task is defined as the goals set by the shopper to resolve the needs derived out of a specific situation. According to Kotler, (1994) the salience of the stores is also affected by situational factors. The situational influence needs to be evaluated for every visit and hence some shoppers may change their choice because of situation specific drivers. These situational influences may be classified as the competitive setting, the individual's situational set and the shopping occasion. The shopper may also evaluate each of the situations in the light of the cost incurred and the utilities derived out of shopping. Bell et al. (1998) suggest that these costs can be classified as fixed and variable costs of shopping. The variable cost is related to the basket size or the list and hence is likely to change with every trip. The fixed costs, such as location of the store or the price format, would remain unchanged over list size. They suggest that these costs can be converted into utilities for each of the shoppers by the store. Malhotra (1983) proposes a concept of preference threshold. It is suggested that shoppers tend to show a preference for
a store depending on the threshold value allotted by the shopper. It is assumed that if the perceived value is less than the threshold, the shopper may not choose the store. The threshold value for an individual customer is affected to a large extent by the image characteristics of the store. The behaviour that customers exhibit depend on a variety of external, internal and situational factors. Customers’ choice of a store is therefore dependent both on themselves and even factors external to them. The study will therefore make an effort to identify the true drivers of supermarket store choice. Consumers on their part make several considerations in selecting outlets to buy their merchandise from (Stampfl et al, 1998). Intervening variables guide customers in making choices about the various products/services available. Marketers use this approach in merchandising to create long lasting images in the consumers mind for favorable decisions. According to Bitta (1979) customers act partly depending on what they value and according to their cultural backgrounds. Demographics also influence choice by impacting other attributes of individuals such as personal values and decision styles, taste and preferences (Hawkins et al, 1986). However Solomon (1992) strongly believes that customer choice heavily depends on situational factors outside of and removed from the individual consumer. There is therefore a need to identify the true drivers of customer choice.
A broad conclusion about store choice behaviour among consumers indicates that image and perceptions have significant impact on the final outcome. Perceptions about stores are, in turn, driven substantially by tangible characteristics of stores, such as format or list size, distance of store from home, as well as intangible factors like the environment of the store. The current trend in the supermarket sector in Kenya is towards provision of additional services so that the shopper can have almost all his needs met at one stop. This has led to the increased provision of these services in supermarket stores and in fact this has become the basis of differentiation.

2.2 Empirical literature

Most research in this area of shopper’s behaviour is still proprietary in nature and therefore outside public domain. In a study of store choice behaviour among audio equipment shoppers, Dash et al. (1976) found that the level of pre-purchase information regarding the brand determined the type of store chosen. Shoppers who had higher levels of pre-purchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regard to their impending purchase.
Store choice has been found to rely heavily on a store’s customer service levels. Bellizzi, (2004) in his study on US supermarkets, besides confirming the universally accepted belief that consumers would be more attracted to conveniently located stores, the respondents identified fast check-out lanes and express counters as the most critical among customers. Some stores have added automated, self check stations with visual and verbally recorded instructions; self-scanners to record purchase selections; and automatic payment options to accommodate credit, paper currency, coins and coupons. Some stores in US are experimenting with high-tech shopping carts that scan items for check out when they are placed in the shopping cart by shoppers (supermarket news, 2002). A 1990 survey by the Food Marketing Institute (Alcott, 1991) reported that 89% of the shoppers interviewed indicated that a fast checkout was important, while only 69% of the same shoppers reported that stores met their expectations. Thus, despite the stores’ efforts to improve customer service, almost one customer in four remains dissatisfied. However Bellizzi, (2004) found innovations like home delivery, car washes and oil changes have not been well received while good complaints handling and willingness to exchange products have received high rating.

Stores are also visited by shoppers based on proximity and patronization. The shopper would like to reduce travel time. However, if shoppers have been buying
from the store for a longer period of time, they do not mind buying from a store located at a greater distance. So, when the experience of shopping is good there is a high likelihood of the next visit. The shopper is willing to trade-off the extra travel effort with the experience. Such an experience can be provided through services and merchandise. Store environment which include security, parking space and internal atmosphere, has been found to play an important role in building store patronage. Along with the merchandise, it triggers affective reaction among shoppers (Baker et al., 1992). It also contributes to creating store patronage intentions (Baker et al., 2002). The role of store environment in store choice is also significant. The store environment plays an important role in building store patronage. Along with the merchandise, it triggers affective reaction among shoppers (Baker et al., 1992). It also contributes to creating store patronage intentions (Baker et al., 2002). Background music in particular influences the amount of time and money, both real and/or perceived, which a shopper spends in a retail establishment. Background music also serves to reduce counter-productive psychological states like frustration, anxiety, depression, negative mood), thereby enhancing positive evaluations of the shopping experience. Kotler (1973) has proposed atmospherics as an important part of retail marketing strategy. Shoppers determine the value of the merchandise based on monetary as well as non-
monetary costs (Zeithaml, 1988). Recreation, (a non-monetary value) could be a major driver for visiting a regional shopping centre (Treblanche, 1999).

The general hypotheses about store choice drivers are that for routine purchases such as grocery items and for essential purchases such as medicines, utilitarian dimensions such as proximity to residence and convenient timings would drive choice. However, for more hedonic categories, choice drivers should include instore-service dimensions and attractiveness of the physical layout (Hasty, 1983). In the case of consumer durables shoppers attach more importance to merchandise, referral and ambience. They prefer to visit those stores that have depth and width of products. Shoppers in such stores look for product variety. This is guided by amount of information available to customers.

Store choice has also been found dependent on past orientations of consumers, their personality and past purchase experience (Dodge and Summer, 1969). Lumpkin et al. (1985) found that as compared to young shoppers, elderly shoppers were less price-conscious and proximity of residence to store was not an important factor for them. They considered shopping as recreational activity and thus chose a store that is perceived to be high on "entertainment" value. However some recent studies have neither ranked proximity nor ambience high in perception and therefore do not figure as highly significant drivers of store choice. On the other
hand shoppers visiting a chemist considered proximity to residence very highly. Compulsion to buy drugs was seemingly the most prominent driver.

Customers have the tendency to consolidate factors that they use to describe their choice of store to patronize. Woodside et al., (1992) found that shoppers looked for and developed "hot buttons" that help in choosing among stores. The shoppers could quickly name the store that provided them with these buttons, such as most convenient or lowest prices, hence reducing the cognitive dimension in the decision problem. However when faced with limited choice customers tend to overlook some of the factors. This puts a serious doubt on a predetermined set of factors for store choice. Shoppers generally have just one good reason, and at most two reasons for visiting a particular store. Hutcheson and Mutinho (1998) found that shoppers used a combination of the quality of staff and "the occurrence of low prices and the frequency of promotions" in choosing a store. High prices combined with high quality staff may not necessarily represent a "hot button".

Research on the use of background music in retail settings indicates that music can influence the amount of time, and sometimes the amount of money, a shopper spends by manipulating the volume (Smith and Curnow, 1966) and tempo (Milliman, 1982, 1986) of music. Playing the right type of music may influence shoppers to buy more expensive brands (Agmon, 1990) and purchase more merchandise (Yalch and Spangenberg, 1990).
Perhaps the best indication of the impact of background music on the shopping experience has been provided by shoppers themselves. A survey of supermarket shoppers (Linsen, 1975) revealed that supermarket patrons like hearing music when they shop. In addition, many shoppers feel that by providing music the store cares about its customers. Many also perceive spending less time standing in line at the checkout counter when music is played (Linsen, 1975). Supermarket shoppers also feel that music makes shopping a more relaxing experience and that they spend more time in the store when they listen to music (Keenan and Boisi, 1989). All these findings indicate that background music can influence a shopper’s evaluations of the shopping experience, which in turn can increase the probability of repeat patronage.

Some customers prefer to visit those stores that have depth and width of products. Shoppers in such stores look for variety. Shoppers are also concerned about the quality of goods for sale. Range of merchandise in terms of product and price attract customers to a store. Piyush and Banerjee (2004) in their research on store choice behaviour in India however found out that on an overall basis, products, store environment and service did not come out as distinctly clear store choice drivers. Their findings suggested that customers in a developing market do not require the enhanced service paraphernalia offered by many stores. These finding casts a serious doubt over the retail revolution taking shape in the market today.
Shoppers want variety and would like to touch and feel the product. In the study by Piyush and Banerjee (2004) there was a general agreement that brand spread was the most significant feature of the stores that were visited.

Some shoppers will mostly visit the stores recommended by others. In many cases, these stores are also utilized for spending waiting or spare time or meeting up with friends (Imbuga, 2003). According to a study by Sinha (2002) there seems to be some indication of an inherent loyalty to stores where shopping is good thereby increasing likelihood of the next visit. Referral and staff performance in the study above was recorded at 88 per cent significance level. According to the same study a shopper will most likely visit a store on the basis of a positive recommendation by others. In recent times, Leszczyc and Sinha (2000) indicated that store choice was a dynamic decision and could be conceptualized as a problem of deciding when and where to shop. Each shopping trip incidence presents a problem relating to the timing of shopping trips versus store patronized. The two decision processes were correlated in the 2000 study. Store choice has also been found dependent on the timing of shopping trips as consumers may go to a local store for short “fill-in” trips and to a more distant grocery store for regular shopping trips (Kahn and Schmittlein, 1989). Both these decisions are influenced by shopper characteristics and consumption patterns (Leszczyc et al., 1979).
In general, dimensions such as in-store service, trustworthiness of staff, and entertainment value and store design did not have any impact on store choice. In-store ambience was the only store environment parameter that influenced store choice in certain product categories while all the other dimensions were associated with utilitarian benefits (Imbuga, 2003). However this is not always the case as another study showed that shoppers demanded good service as well as quality products from retailers (Business Today, 1999). It is therefore imperative for retail stores to understand changing shopping behaviour among consumers, especially with regard to their preferred points of purchase.

Stores that offer low prices and discounts are also visited more, whilst shoppers are also concerned about the quality of goods for sale. The effort is an indication of maximizing the value for the price paid. Pricing in supermarket sector has traditionally been guided by local market’s sensitivity to price discounts (Piyush and Banerjee, 2004). The basic rule has been to make price discounts softer in the most price sensitive establishments and make them more aggressive in those stores which are less sensitive. Dodge and Summer (1969), in their study of Japanese supermarkets demonstrated that isolated stores show less price sensitivity that those which are located closer to their competitors. The study ranked price significantly lower in importance among store choice criteria. Price only came fourth. The ambience, reflected in terms of lighting, setting and comfort, came out
as a major factor in determining store choice. A good display of products enabled
the shoppers to look around, touch and feel.

Despite the arguments put forward, a customer's choice of a store is clearly a
conscious process that involves analysis of factor combinations like proximity,
product variety, customer service, staff performance, store environment, mode of
payment and price levels (Piyush and Banerjee, 2004). On average consumers
make several considerations in selecting outlets to buy their merchandise from.
Outlet image is a critical factor in outlet selection. This represents the composite
attitude that customers have about an outlet in terms of the attributes exhibited by
the store. Merchandise content in a store is another critical factor in store
selection. Customers tend to patronize stores that provide a wider selection of
merchandise for efficient shopping. The outlet ambience represented by the
mood, character, quality, tone and atmosphere can also play a critical role in
outlet selection. Personal customer communication between outlet personnel and
customers determines store position and influences customer store image. Lack of
experience, poor attitude, and indifferent treatment of customers, distasteful
dressing / untidiness and breach of social etiquette on the part of outlet personnel
can be serious negative attributes to outlet image.
2.3 The conceptual framework model

Proximity & ambience

Price & payment mode

Merchandise

Customer service

Referral & staff performance

store choice

(Independent variables) (Dependent variable)

Figure 1: Factors influencing store choice

Source: Researcher (2009)
The actual store selection criteria is heavily dependent on factors like; price levels, proximity, ambience, merchandise, customer service, mode of payment, staff performance and even referral. These are independent variables in the above model. Price levels heavily affect store patronage hence choice. Stores that offer low prices and discounts attract customers as they give value for money. This is especially in markets with high price sensitivity. Product variety is also a key driver of store choice. Stores with depth and width of products stand a better chance of being selected by customers. A wider selection of merchandise leads to efficient shopping. Proximity to the store from place of work or residence will normally influence the choice of store among customers. Where other factors are not strong, customers normally consider the distance to be covered to reach an outlet.

Ambience determines the amount of time a customer will spend inside the store hence choice and patronage. Conducive environment makes customers relax and enjoy the stay. Customer service which is the sum of the whole experience of a shopping occasion remains in a customer’s memory long after the visit. This helps remind the customer to compare the experience with other outlets. Mode of payment affects customer’s preference. Stores with various modes of payment are likely to win more customers as they give a wider choice. Credit card holders will patronize outlets that accept their cards. Staff performance is a key determinant of
store choice. Every shopping trip is marked with personal customer communications between outlet personnel and customers. This interaction determines store position and influences customer store image. Lack of experience, poor attitude, indifferent treatment of customers and breach of social etiquette by outlet personnel negatively affects outlet image and therefore choice. Customers tend to patronize stores that provide the best combination of the foregoing factors and will peg their choice on their personal ranking of the factors
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter spells out the research methodology to be adapted in carrying out the study so as to meet the objectives of the study and answer the research questions. The chapter will discuss research design, population of interest, data collection, operationalization of variables and data analysis techniques to be applied.

3.1 Research design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2006). To establish the factors that influence customer choice of supermarket store, the study adopted a descriptive research design. According to Kothari (2006) and Young (1960) descriptive research design describes the state of affairs as it exists at present. The researcher only reports what has happened or what is happening with no control over the variables. The researcher therefore applied this design to investigate factors that influence customer’s choice of a supermarket store in Nairobi Kenya. Narration of facts and
characteristics concerning individual, group or situation are all examples of
descriptive research studies aimed at obtaining complete and accurate information
(Ngechu, 2006).

3.2 Target population

The population of interest in this study consists of customers visiting supermarket
stores in Nairobi city and which is infinite. Thousands of customers visit
supermarket stores in Nairobi daily for the purpose of shopping. It may not be
possible to establish the actual number of customers patronizing the stores on a
typical day. It was noted that the stores record more traffic during evenings,
weekends, month-ends and holidays. It is however possible that some of the
people visited the stores with intentions other than one of shopping. The choice of
Nairobi was largely because of its cosmopolitan nature and convenience in terms
of time and accessibility given the financial resources available to the researcher.
Further Nairobi, being the largest town in Kenya with the highest population is
more representative. Also Nairobi has the highest concentration of supermarket
stores in the country. The researcher counted twenty six (26) such stores operating
within the central business district. This makes Nairobi the best place to study
consumer dynamics in urban Kenya. Supermarkets in Nairobi take three forms;
those with large parking areas along the main entry/exit roads, smaller
'neighbourhood' stores in residential areas and stores near busy bus stages in the city center. For simplicity, the term “supermarkets” will be used for all large-format.

### 3.3 Sample

Where the number of the population of interest is big and not possible to access it wholly a sample should be taken (Kress, 1988). In this study five stores were chosen from different parts of the central business district to enable a wider spread of the sample (Woodside et al, 1992). Therefore a judgment sample of fifty (50) respondents will be used, ten from each of the store chosen.

### 3.4 Sampling procedure

Purposeful sampling was applied. A convenient sample of five supermarket stores was used for the purposes of this study. The researcher was free to select any supermarket store within the area as the starting point, while selection of subsequent stores was based on the researcher’s judgment until the sample of five was attained. In judgment sampling the researcher’s judgment is used for selecting items which he considers representative of the population (Kothari, 2006). The researcher expected the selected population members to be good prospects for accurate information.
The second level was composed of ten (10) respondents sampled from each store location. Again the interviewer was free to select the predetermined number of respondents at each store. Respondents who failed to collaborate were skipped and next one picked until the sample was attained (Zhang, 2002). The selection criteria was on the basis of respondents within the store as they either enter the store, do their shopping or after they finish shopping and are leaving the store. Interviews beyond a minimum staggering distance of the store were avoided as such could bring only “visualized perception” and not the real experience (Piyush and Banerjee, 2004). The bias likely to be caused due to store visited was addressed by choosing respondents at random.

3.5 Data collection

Primary data was collected from respondents through a two section questionnaire of structured questions (Appendix II). The questionnaire was divided into two sections in line with the research objectives. Section one contained six (6) questions on bio data of the respondents. Questions considered sensitive came last in order to reduce chances of non response. Demographic segmentation offers a multitude of possibilities for classifying consumers according to easily identifiable personal characteristics (Kothari, 2006). The demographic variable was intended to stand for certain special dimensions of people in terms of how they live their lives.
and how they may behave as consumers. Age, education, occupation and place of residence were thought to have significant impact on the patronage behaviour in this particular segment of the market due to their link with the outlets in question. The second section was made up of twenty eight (28) statements on factors that the customer considered important in selecting the store. These statements were derived from literature review. Section two was structured on a five point likert scale ranking factors from the most influential to the least influential. Section two of the questionnaire covered the five factors as follows; proximity & ambience (1-9), price & mode of payment (10-13), merchandise (14-17), customer service (18-23) and referral & staff performance (24-28). The researcher in this case recorded answers given by respondents. Secondary data was collected from the various supermarkets records, websites, periodicals and past works on the area of study. Responses were also sought regarding customers patronage behavior via personal interviews with store managers. To acquire more secondary data the researcher made observations on the stores in their routine operations.

3.6 Validity and reliability
Validity refers to the extent, to which a test measures what we actually wish to measure while reliability has to do with the accuracy and precision of a measurement procedure (Kothari,2006).
To determination factors that influence customers’ choice of store to buy from possess both content and construct validity therefore expected to yield predicted correlations with theoretical propositions. On the other side it could fail to provide consistent results as situational factors will keep changing. As it is difficult to standardize the conditions for this study reliability can only be average. However it is less valuable than validity if and only if limits established are maintained.

3.7 Expected outcome

It was anticipated that store atmosphere and price levels play more important roles in store choice than other factors. It was however expected that the relative weight of factors would actually depend on each customer. The priority was expected to vary across the various types of customers. This was because the intervening variables were also expected to affect the outcome though remotely. Going by the past works in the area of study, staff performance and product content were expected to rank lower than the other factors. The fact that only one or two factors really drive each customer’s choice in practice none of the factors was expected to come out either extremely strong or extremely weak.
3.8 Data analysis and presentation

Research studies result in a large volume of raw data which must be suitably reduced for further analysis (Kothari, 2006). Once all data was in, the researcher undertook processing. Responses were scrutinized and prepared in a way to facilitate coding and eventual tabulation (Cooper & Schindler, 2003). Several responses were reduced to a small number of classes that contained the critical information required for analysis (Kress, 1988).

Both primary and secondary data collected were analyzed using descriptive statistics. Descriptive statistics help describe “What is” or “What happened” (Ngechu 2006, Mugenda 2003, Kothari, 2006). Descriptive analysis provides profiles of subjects on any of a multiple of characteristics in respect of one variable or in respect of two variables or even in respect of more than two variables. The five independent variables were analyzed singularly and collectively using the identified statistical tools. Mean and mode were the main measures of central tendency used in analyzing the data collected. Mean was calculated by dividing the total of the values of various given items in a series by the total number of items. It was used to summarize the essential features of the series to enable data to be compared. Mode which is the most frequently occurring value in a series helped eliminate the effect of extreme variations. Data collected from each store outlet was tabulated separately, arrange in a concise and logical
order before being combined with others from the same area and finally the five areas analyzed together. Percentages of the respondent’s answers were used to give the relative proportions of respondents giving related answers. Variables contained in section two of the questionnaire were further condensed into five factors comprising of variables which are closely related. Finally data was presented using tables, percentages, charts and graphs before the researcher made conclusions on the basis of insights and impressions regarding the findings.
CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.0 Introduction
The chapter analyzes and combines collected data into percentages and proportions of answers given by the fifty respondents. It establishes commonalities among factors before ranking them in their order of importance. It relates the sample population used with factors influencing store choice.

4.1 Sample characteristics
Of the fifty (50) respondents whose data was analyzed, majority were women as shown in table 1. Out of the 50 respondents interviewed, 24 were married while 35 were single. Eighteen respondents however failed to specify their marital status. The results show married women form majority of supermarket customers in Nairobi.

Majority of the respondents were aged fifty years and below with only nine percent being above fifty years. However the number of respondents is concentrated in the 31-40 years bracket representing over fifty percent. This represents working class in the city and correlates well with urban lifestyle.
It was observed that 27 respondents had a minimum of college level education, which represents slightly more than half of the population sampled. Only nine had university education which leaves the majority of respondents being either high school (22 %) or college (17 %) graduates. There seems to be a correlation between age, level of education and supermarket patronage. The high frequency of respondents in formal employment is correlated to the minimum high school level of education among those interviewed. This finding means majority of supermarket shoppers in Nairobi to be educated, married women in formal employment.
Table 1: Sample characteristics (n=50)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>Female</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>24</td>
<td>47</td>
</tr>
<tr>
<td>Single</td>
<td>18</td>
<td>35</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td><strong>Age(years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-30</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>31-40</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>41-50</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Above 50</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td><strong>Education level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>High school</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>College</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>University</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Nature of employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>37</td>
<td>74</td>
</tr>
<tr>
<td>informal</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>
Majority of respondents go shopping once a week (40 %) followed by those who shop once a month (19 %), then those who shop once in every two weeks (16 %). This pattern is correlated with the income cycle of respondents in formal employment. A mere 4 % of the customers visit supermarket more than twice a week. This does not match with the daily incomes normally associated with informal employment.

Table 2: Shopping frequency of respondents (n=50)

<table>
<thead>
<tr>
<th>Shopping frequency</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than twice a week</td>
<td>2</td>
<td>4.0</td>
</tr>
<tr>
<td>Twice a week</td>
<td>6</td>
<td>12.0</td>
</tr>
<tr>
<td>Weekly</td>
<td>20</td>
<td>40.0</td>
</tr>
<tr>
<td>Fortnightly</td>
<td>8</td>
<td>16.0</td>
</tr>
<tr>
<td>Once in three weeks</td>
<td>5</td>
<td>10.0</td>
</tr>
<tr>
<td>Once a month</td>
<td>9</td>
<td>18.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The respondents indicated a poor level of store loyalty at only 24% loyalty. This is a strong indicator of the continuous store evaluation among respondents. A 76% indication of switching between stores indicates not only the lack of loyalty but
also attraction of customers by various players in the retail industry. However, some established stores are able to attract shoppers due to their ambience, but they are finding conversions into loyalty to be lower than expected and hence lower loyalty.

Table 3: Store loyalty of respondents (n=50)

<table>
<thead>
<tr>
<th>Shopping pattern</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop at only one store</td>
<td>12</td>
<td>24.0</td>
</tr>
<tr>
<td>Shop at several stores</td>
<td>38</td>
<td>76.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2 Factors that influence store choice

Store proximity and ambience factor analysis had seven variables namely good frontage, distance from home and work place, entertainment, security and stylistic features. Proximity variables on average received a relatively uniform rating with no distinct pattern as far as importance is concerned. Twenty one respondents rated distance from their homes highly while thirty one rated proximity to their work place having the most influence. Entertainment, security and stylistic variables recorded the uniform response among the respondents. Style however received a slightly negative rating with sixteen percent reporting a zero influence.
by the variable. It seems that the shoppers would like to complete their purchase as quickly as possible.

Table 4: Proximity and ambience variable analysis (n=50)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly extent(2)</th>
<th>No extent(1)</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good frontage</td>
<td>23</td>
<td>6</td>
<td>11</td>
<td>9</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Near work place</td>
<td>31</td>
<td>12</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>4.5</td>
</tr>
<tr>
<td>Near home</td>
<td>21</td>
<td>18</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>4.1</td>
</tr>
<tr>
<td>On the way</td>
<td>17</td>
<td>16</td>
<td>12</td>
<td>4</td>
<td>3</td>
<td>3.8</td>
</tr>
<tr>
<td>Entertainment</td>
<td>16</td>
<td>12</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>3.4</td>
</tr>
<tr>
<td>Security</td>
<td>13</td>
<td>11</td>
<td>12</td>
<td>8</td>
<td>6</td>
<td>3.3</td>
</tr>
<tr>
<td>Stylistic</td>
<td>17</td>
<td>14</td>
<td>6</td>
<td>5</td>
<td>8</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Overall mean score 3.8

Of the 50 respondents interviewed during the research, 22 ranked acceptance of cash payments by supermarkets as influencing their choice to a very large extent. Use of credit cards and coupons only influenced choice marginally. Only 15 and 7
respondents were highly influenced by cash and coupons respectively. This implies that the use of credit cards has potential for exploitation through marketing. Lower prices and special discounts came out as key drivers of store choice in the study. Both the variables were rated by over half of the respondents as influencing their choice a very large extent. Therefore it is important to note that more customers prefer lower prices and discounts, which in turn would increase the logistical costs and consequent risks associated with handling cash.

Respondents indicated price as a major driver of store choice. Over three quarters of shoppers considered low price and special discounts to a large extent. Virtually all respondents considered low price and special discounts when choosing store. This means that most supermarket customers in Nairobi consider price highly. The high ranking of preference to pay by cash also implies that cost of moving cash to banks or central points is a major cost for the supermarkets.
### Table 5: Price and mode of payment variable analysis (n=50)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly (2)</th>
<th>No extent(1)</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower prices</td>
<td>29</td>
<td>11</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>4.3</td>
</tr>
<tr>
<td>Special discounts</td>
<td>26</td>
<td>21</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>4.4</td>
</tr>
<tr>
<td>Cash payment</td>
<td>22</td>
<td>15</td>
<td>9</td>
<td>4</td>
<td>0</td>
<td>4.1</td>
</tr>
<tr>
<td>Credit card</td>
<td>7</td>
<td>6</td>
<td>12</td>
<td>18</td>
<td>7</td>
<td>2.8</td>
</tr>
<tr>
<td>Coupons</td>
<td>4</td>
<td>7</td>
<td>15</td>
<td>19</td>
<td>5</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Overall mean score 3.7

Three of the six customer service variables were ranked as very important by most respondents. Convenient operating hours factor received the highest number of respondents interviewed. Short queues, repairs and replacement factors followed closely. Use of up to date technology and home delivery for bulky goods were rated more or less uniformly on the scale variables. However delivery of purchased products to parking area was considered negatively by the interviewed respondents with almost half of them reporting zero influence.
Table 6: Customer service variable analysis (n=50)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly (2)</th>
<th>No extent(1)</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient operating hours</td>
<td>36</td>
<td>12</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4.7</td>
</tr>
<tr>
<td>Offers repairs and replacements</td>
<td>24</td>
<td>15</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>Short queues</td>
<td>25</td>
<td>19</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4.3</td>
</tr>
<tr>
<td>Up-to-date technology</td>
<td>9</td>
<td>11</td>
<td>12</td>
<td>16</td>
<td>2</td>
<td>3.2</td>
</tr>
<tr>
<td>Deliver products to parking area</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>16</td>
<td>22</td>
<td>1.9</td>
</tr>
<tr>
<td>Home delivery for bulky goods</td>
<td>5</td>
<td>5</td>
<td>11</td>
<td>17</td>
<td>12</td>
<td>2.5</td>
</tr>
<tr>
<td>Overall mean score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.5</td>
</tr>
</tbody>
</table>
Product knowledge and staff trustworth were ranked highly by most respondents. 24 respondents ranked product knowledge as influencing them to a large extent while 23 ranked trustworth to a very large extent. Staff helpfulness received a moderate ranking with 6 respondents voting slight extent and no extent. However the number of sales assistants recorded low influence with 27 respondents feeling it has no effect at all while 13 respondents considered it only slightly important. Nairobi supermarket customers prefer stores with knowledgeable staff. A store being suggested by somebody else and its fame recorded a spread out response with majority of the respondents being average about the factor. The low ranking of number of sales assistants variable points to individual staff productivity.
Table 7: Staff performance and referral variable analysis (n=50)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly (2)</th>
<th>No extent(1)</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>My friends come here</td>
<td>8</td>
<td>14</td>
<td>12</td>
<td>13</td>
<td>3</td>
<td>3.2</td>
</tr>
<tr>
<td>Suggested by somebody</td>
<td>7</td>
<td>10</td>
<td>17</td>
<td>15</td>
<td>1</td>
<td>3.1</td>
</tr>
<tr>
<td>Store is famous</td>
<td>17</td>
<td>14</td>
<td>12</td>
<td>6</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Enough sales assistants</td>
<td>0</td>
<td>1</td>
<td>9</td>
<td>13</td>
<td>27</td>
<td>1.7</td>
</tr>
<tr>
<td>Product knowledge</td>
<td>24</td>
<td>17</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4.2</td>
</tr>
<tr>
<td>Staff helpful</td>
<td>13</td>
<td>12</td>
<td>19</td>
<td>4</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Staff trustworthy</td>
<td>23</td>
<td>17</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Overall mean score 3.4
Merchandise variable had three components. According to results obtained, 41 respondents ranked product quality as influencing their store choice to large extent and very large extent combined. This is an important store selection criteria representing about eighty percent of the respondents interviewed. It is the fourth ranking variable in the study. Brand range follows closely with 34 respondents ranking it to a large extent and above. The ability of a store to provide out of stock products was rated average with majority of respondents spread out.
Table 8: Product variety analysis (n=50)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly extent(2)</th>
<th>No extent(1)</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>25</td>
<td>16</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>4.3</td>
</tr>
<tr>
<td>Brand range</td>
<td>19</td>
<td>15</td>
<td>13</td>
<td>3</td>
<td>0</td>
<td>4.0</td>
</tr>
<tr>
<td>Provide out of stock products</td>
<td>13</td>
<td>14</td>
<td>10</td>
<td>12</td>
<td>1</td>
<td>3.5</td>
</tr>
<tr>
<td>Overall mean score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.9</td>
</tr>
</tbody>
</table>

Overall convenient operating hours received the most favorable response with a mean score of 4.7. Perceived distance from work place to the store was rated second with a mean score of 4.5. Enough sales assistants received the lowest score at a mere 1.7 followed closely by delivery of products to parking areas at 1.9.

However, when the five independent variables are ranked together, product variety came out on top at a mean score of 3.9 followed closely by proximity and ambience at 3.8. Staff performance variable received the lowest average mean score recording only 3.4 mean score. The findings in the study collaborates another done by Bellizzi (2004) on US supermarkets that found location and fast check out lanes as the major drivers of customer store choice. The study however
did not support one carried out by Piyush and Banerjee on Indian supermarkets. The Indian study found out that product variety, ambience and customer service ranked low in store choice drivers rankings. The findings indicate no extreme ratings as was the case in all past works in the area of customer choice. The mean scores for the five independent variables ranged from 3.4 to 3.9 which is a close range.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The objective of this study was to identify the factors that influence consumers' choice of supermarket stores in Nairobi Kenya. This chapter summarizes observations, conclusions and recommendations of the study. It provides an interpretation of results by comparing them with theoretical framework contained in chapter two to draw interpretations.

5.1 Summary

The need to strengthen the bond with existing customers and so reduce the risk of their switching to alternative providers has never been this important before. Understanding why customers leave is difficult but stemming the tide of customers attrition is even harder. Attracting new customers and encouraging them to stay on is perhaps one of the hardest business tact. This study attempted to find out what pulls customers to a supermarket store. The first objective sought to find out if customers were influenced by a store's proximity and ambience. Overall distance to place of residence was the main variable affecting store choice.
among the customers. 95% were influenced by this particular variable. Other variables used under the factor recorded either average or below average ratings. Cleanliness of facilities was ranked high in being considered by customers. This implies that supermarkets should put some effort in ensuring their facilities are clean especially the shopping areas.

The second objective was to access the effects of merchandise on store choice. Availability of a variety of merchandise is important in terms of attracting customers because they are able to find everything they want under one roof. Lack of merchandise was the response given by the respondents to explain why they shopped in different supermarkets. The third objective was to establish effect of referrals and staff performance on store choice. This came out as an important area that customers consider important in selecting a supermarket. Customer seems to consider very highly trust of a store’s staff and the store’s level of fame. Supermarket operators will definitely have to evaluate their current status of the two variables.

The study was also to establish the extent to which price and mode of payment affect store choice. As expected, price came out as one of the factors highly influencing customers in their choice of supermarkets. Over 50% of the respondents were influenced by lower prices and special discounts to a very large extent.
Customer service had good ratings convenient operating hours, repairs and short queues coming on top. Supermarkets have started responding to this finding by increasing their operating hours. Many now operate 24 hours a day.

5.2 Conclusions

The advent of globalization and liberalization has increased the level of competition in today’s markets. This has forced firms to win and retain customers. From the foregoing, the following conclusions may be drawn regarding customer choice of supermarkets in Nairobi Kenya. The study revealed that customers of supermarkets in Nairobi are attracted by conveniently located store, offering lower prices and good customer service. Specifically, maintaining a clean facility in a convenient location coupled with convenient operating hours is a sure way of ensuring a steady flow of customers into a store while availability of a variety of merchandise would encourage repeat patronage. Surprisingly having adequate and knowledgeable staff did not rank high enough in terms of influencing store choice. This implies that though important, the staff were not able to offer required information on products when required to do so. The helpfulness of staff may be made less important by clear labeling and displays. It can be concluded that convenient operating hours and distance to work place are the most influential
factors driving customers store choice. Other factors that seem to play a significant role in customer store choice include special discounts and product quality.

5.3 Recommendations

It is evident that supermarkets in Nairobi are experiencing hard times due to customers switching and luck of loyalty. Current sector trends of increased competition, enhanced retailer ability to analyze markets and greater shopper expectations make winning customers critical. After an unsatisfactory experience in a supermarket, the customer may make an instant decision to shift stores. It follows that supermarkets should carry out regular customer surveys to enable them know the factors influencing customers' choice of stores. The information from the surveys should be used by management to allocate resources appropriately. This, though not obvious will lead to increased shopper traffic and sales growth.

5.4 Suggestion for further research

This research was mainly focused on supermarkets hence the findings cannot be replicated in the entire retail industry. It is important to carry out a research to determine factors that influence choice among other retailers given the wide scope of retailing and its importance to the country's economy and society's welfare.
This study would probably have yielded different results if the data were collected in the residential units. This is an area other researchers might like to explore. Research could also be done to find out if the results would be different where two supermarket chains like Nakumatt and Uchumi are compared.

5.5 Limitations of the study

The major limitation of this study was in making the respondents understand that their choice of store should not be based on a specific purchase incidence. Each purchase occasion might actually lead to a different decision. Other limitations included:

1. The study confined itself to a few supermarkets located in Nairobi which may not be fully representative of the sector.

2. The researcher’s ability to reach out to a larger number of respondents was limited by time as he could only collect data at one point in time which could have biased the results.

3. The research data was mainly confined to the period of the study which may misrepresent facts over time.

4. Finally the usual project hiccups of finances and time constraints featured.
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## APPENDIX I - TIME SCHEDULE

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MONTH</th>
<th>DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of study concept</td>
<td>September 2008</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Development of proposal</td>
<td>October 2008-march 2009</td>
<td>6 months</td>
</tr>
<tr>
<td>Data collection, coding and analysis</td>
<td>May 2009</td>
<td>1 month</td>
</tr>
<tr>
<td>Report writing</td>
<td>June 2009</td>
<td>1 month</td>
</tr>
<tr>
<td>Compiling and presentation</td>
<td>July 2009</td>
<td>2 weeks</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9 months</strong></td>
</tr>
</tbody>
</table>
# APPENDIX II- PROPOSED BUDGET

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveling</td>
<td>15,000</td>
</tr>
<tr>
<td>Typing and printing (draft proposal)</td>
<td>2,500</td>
</tr>
<tr>
<td>Typing and printing proposal</td>
<td>2,500</td>
</tr>
<tr>
<td>Typing and printing report</td>
<td>2,500</td>
</tr>
<tr>
<td>Photocopying (proposal -6 copies)</td>
<td>400</td>
</tr>
<tr>
<td>Photocopying (questionnaires)</td>
<td>4,000</td>
</tr>
<tr>
<td>Binding proposal</td>
<td>300</td>
</tr>
<tr>
<td>Binding report</td>
<td>100</td>
</tr>
<tr>
<td>Stationery</td>
<td>3,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,800</strong></td>
</tr>
</tbody>
</table>
APPENDIX III – LETTER OF INTRODUCTION

P.O BOX 11604 -00100,
NAIROBI, KENYA
TEL: +254 733 748888
+254 721 857666

DATE: ________________

Dear Respondent,

RE: MANAGEMENT RESEARCH PROJECT

I am an MBA student at Kenyatta University. To successfully accomplish the course, I am required to undertake a management research project on an area of business interest. I am doing the research on “FACTORS INFLUENCING CONSUMER CHOICE OF SUPERMARKET STORES IN NAIROBI KENYA”.

This is therefore to formally request you to assist me fill the attached questionnaire to the best of your ability and knowledge. Please be assured the information you provide will solely be used for academic purposes and will be treated with the confidentiality it deserves.

Yours Sincerely,

Njoka Isaac Kanyi.

(Researcher)
APPENDIX IV- QUESTIONNAIRE

Section 1

Kindly tick where appropriate / fill to indicate your answer

1. Gender □ Female □ Male

2. Marital status □ Single □ married

3. Age in years □ 18-30 □ 31-40 □ 41-50 □ 51 and above.

4. Education level □ Primary □ high school □ college □ university □ Others (Specify)

5. Frequency of shopping:
   □ more than twice a week □ Twice a week
   □ once a week □ once a fortnight
   □ Once in three weeks □ once a month

6. Do you do your shopping in other supermarkets apart from this one?
   □ Yes □ No

If yes why?..............................................................................................................
SECTION II

The following section indicates probable factors that customers consider when making their choice of a supermarket store. Please respond by indicating (tick) the extent to which your choice is influenced by each factor highlighted as; No extent, Slightly, Some extent, large extent and very large extent.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Very large extent(5)</th>
<th>Large extent(4)</th>
<th>Some extent(3)</th>
<th>Slightly (2)</th>
<th>No extent(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Store has good frontage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Near work place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Near home</td>
<td></td>
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<tr>
<td>4 Store has good entertainment</td>
<td></td>
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<tr>
<td>5 Store is risk free</td>
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<tr>
<td>6 Store has better layout</td>
<td></td>
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<tr>
<td>7 Store has better lighting</td>
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<tr>
<td>8</td>
<td>Store has nice display</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>9</td>
<td>Store offers good entertainment</td>
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<tr>
<td>10</td>
<td>Store offers discounts</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>Store has lower prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Accepts credit cards</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>13</td>
<td>Allows use of coupons</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Stocks good quality products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Stocks latest products</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>16</td>
<td>Provide out of stock products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Stocks all brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Store not crowded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Enough parking</td>
<td></td>
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</tr>
<tr>
<td><strong>space</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>20</td>
<td>Offers repairs and replacements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Home deliveries for bulky products</td>
<td></td>
<td></td>
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<tr>
<td>22</td>
<td>Queues are short</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Open for long hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>My friends come here</td>
<td></td>
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</tr>
<tr>
<td>25</td>
<td>Suggested by somebody</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>26</td>
<td>The store is famous</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Staff is caring and helpful</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Staff are efficient and trustworthy</td>
<td></td>
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</tr>
</tbody>
</table>

Thank you for your responses