IMPACT OF ELECTRONIC COMMERCE ON KENYAN SUPERMARKETS

BY

JOAN NYAMBURA MAINA

UNITED STATES INTERNATIONAL UNIVERSITY

FALL 2016
IMPACT OF ELECTRONIC COMMERCE ON KENYAN SUPERMARKETS

BY

JOAN NYAMBURA MAINA

UNITED STATES INTERNATIONAL UNIVERSITY

A Research Project Report Submitted to the School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

FALL 2016
DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ________________________  Date: ________________________

Joan Nyambura Maina (ID 644594)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ________________________  Date: ________________________

Dr. Paul Katuse

Signed: ________________________  Date: ________________________

Dean, School of Business
COPYRIGHT

All rights reserved. No part of this report may be photocopied, recorded or otherwise reproduced, stored in a retrieval system or transmitted in any form by electronic or mechanical means without prior permission.

© Copyright Joan Nyambura Maina 2016
ABSTRACT

The purpose of this study was to examine the impact of Electronic Commerce (E-Commerce) on corporate business strategy of supermarkets in the retail industry in Kenya. The study sought to answer the following research questions: How does E-Commerce processes affect the use of E-Commerce applications in selected retail businesses, how does the efficiency of E-Commerce affect the use of E-Commerce applications in Kenyan retail businesses, how do the Kenyan supermarkets view E-Commerce as an alternative trading platform? so as to increase the competitive advantage position of supermarkets in Kenya, especially with the threat of new entrants increasing.

The study used explanatory research design as it sought to unveil the impact that E-Commerce has on the retail industry in Kenya, more specifically on supermarkets. It was administered through questionnaires consisting both open and close ended questions. The target population was drawn from supermarkets in Nairobi County as listed in the Nairobi Directory 2016. The sample was selected from the 52 supermarkets with 104 respondents, one senior employee both in the operations and finance departments of the selected supermarkets. This data was analysed using descriptive statistics and regression analysis with the aid of Statistical Package for Social Sciences (SPSS).

The study observed E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. This is substantiated by the fact that majority of the respondents as shown by 47.5 percent indicated that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. The respondents strongly agreed that E-Retail opportunities existed by using E-Commerce Applications but their supermarkets have not yet capitalized on these opportunities. However, the study observed that even the retailers themselves have challenges such as long uploading sessions, cost of setting up the E-Retail portal and having readily available stock for customers. This has hampered the adoption of E-Retail systems within the supermarkets.

Respondents agreed that the Use of E-Commerce Applications increased efficiency of E-Commerce processes to a great extent with a 45% response rate. However, the study revealed that majority of the respondents disagreed that their supermarket converts browsers into loyal customers as shown by mean of 2.141, deliver products and services on a timely basis or even capture information on customers’ preferences. Additionally, it was noted that the majority
of supermarkets did not even have E-Retail sites to service their customers as their use of internet, at the very least, was limited.

46.2 percent of the respondents agreed that Kenyan supermarkets view E-Commerce as an alternative trading platform to a great extent, according to the study. The main driver behind the adoption of E-Commerce as a trading platform was observed to be competition. Notably, since there is limited use of the platform, the respondents acknowledged that their product lines have not expanded as a result, neither have their national or multinational dominance increased. Unfortunately, supermarkets have not leveraged on customer information for the effective management of customer relationships on the internet which would act as a strategy for them that can be used to gain competitive advantage.

In conclusion, firstly, the study established that supermarkets have not fully moved to E-Retail business as embracing E-Retail was not the main focus for supermarkets. Secondly, E-Retail, where available, does not even provide customers with various self-service and delivery options hence not widely used in our supermarket. Thirdly, as an alternative trading platform, supermarkets were yet to adopt E-Commerce as an alternative to the brick and mortar albeit the existence of it as a mere strategy in their strategic plans.

The study therefore recommends that adoption of E-Commerce and use of E-Retailing should be reinforced by management. If well adopted, supermarkets stand to increase efficiency and in turn converting mere browsers into loyal customers. If E-Commerce is to succeed as an alternative trading platform, good policies should be formulated to enable both users, customers and supermarkets to enjoy their shopping experiences online without hesitation or mishaps.
ACKNOWLEDGEMENT

I am grateful to the Almighty God for gracing me with life, good health and material possession to be able to see this project through. Imela.

To my parents, Mr & Mrs Maina, thank you for the consistent encouragement and prayers. My husband, Kelvin Karungu, and daughter, Olivia Karungu, for your patience, financial support and constant reminder that hard work does truly pay.

I would also like to acknowledge the immense contribution of my supervisor, Dr. Paul Katuse for his persistent guidance, support and patience throughout. My sincere gratitude also goes to the United States International University - Africa community, for facilitating this program and providing a conducive supportive environment.
DEDICATION

To my former client, Tusker Mattresses Limited and the retail industry at large.
# TABLE OF CONTENTS

DECLARATION ..................................................................................................................... ii
COPYRIGHT .......................................................................................................................... iii
ABSTRACT ............................................................................................................................ iv
ACKNOWLEDGEMENT .......................................................................................................... vi
DEDICATION ......................................................................................................................... vii
LIST OF ACRONYMS AND ABBREVIATIONS ..................................................................... x

CHAPTER ONE .................................................................................................................... 1

1.0 INTRODUCTION ............................................................................................................. 1

1.1 Background to the Study ................................................................................................. 1
1.2 Problem Statement ........................................................................................................... 4
1.3 Purpose of Study .............................................................................................................. 4
1.4 Research Questions ......................................................................................................... 5
1.5 Significance of Study ....................................................................................................... 5
1.6 Scope of the Study .......................................................................................................... 6
1.7 Terminologies .................................................................................................................. 6
1.8 Chapter Summary ........................................................................................................... 7

CHAPTER TWO .................................................................................................................. 8

2.0 LITERATURE REVIEW ................................................................................................. 8

2.1 Introduction .................................................................................................................... 8
2.2 Effect of E-Commerce Processes On Applications in Selected Retail Businesses ......... 8
2.3 Effect of Efficiency On the Use of E-Commerce Applications ..................................... 12
2.4 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform ....... 17
2.5 Chapter Summary .......................................................................................................... 21

CHAPTER THREE ............................................................................................................. 22

3.0 RESEARCH METHODOLOGY ..................................................................................... 22

3.1 Introduction .................................................................................................................... 22
3.2 Research Design ............................................................................................................. 22
3.3 Population and Sampling Design ................................................................................... 22
3.4 Data Collection Method ............................................................................................... 24
CHAPTER FOUR  .................................................................................................................. 26

4.0 RESULTS AND FINDINGS .......................................................................................... 26
   4.1 Introduction .................................................................................................................. 26
   4.2 Demographic Information ......................................................................................... 26
   4.3 Effect of E-Commerce Process on Applications ..................................................... 29
   4.4 Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications ............ 32
   4.5 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform .......... 35
   4.6 Regression Analysis .................................................................................................. 38
   4.7 Chapter Summary ...................................................................................................... 40

CHAPTER FIVE ..................................................................................................................... 41

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS .............................. 41
   5.1 Introduction ................................................................................................................ 41
   5.2 Summary of Findings ................................................................................................. 41
   5.3 Discussions ................................................................................................................ 42
   5.4 Conclusion .................................................................................................................. 46
   5.5 Recommendations .................................................................................................... 47

REFERENCES ....................................................................................................................... 48

APPENDICES ....................................................................................................................... 54

   Appendix I: Questionnaire ........................................................................................... 54
   Appendix II: List of Supermarkets in Nairobi Kenya .................................................... 59
LIST OF ACRONYMS AND ABBREVIATIONS

EDI - Electronic Data Interchange
B2B - Business to Business
B2C - Business to Consumers
ICT - Information Communication Technology
LAN - Local Area Network
WAN - Wide Area Network
Wi-Fi - Wireless Frequency
NFC - Near Field Communication
PDA - Personal Digital Assistants
PC - Personal Computer
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

E-Commerce has gained dominance due to technological advancements, in which case the business operations have been made easier and yet the world as well has been made a global village (Kennedy, 2013). It involves all the methods used to share and transfer information through the internet, or by use of technological means such as emails, online messaging, among other means. Since the onset of E-Commerce, many business transactions have been made easier irrespective of the nature of goods and services involved (David, 2012). For instance, with this kind of commerce, individuals are able to sell and buy products such as music through the internet, people can place their goods on the websites for marketing objectives, and as well people can be able to advertise themselves, market and sell their services by the use of online marketing and business networking links (Leonida and Christine, 2010).

Among the many advantages of E-Commerce, one of the most important aspects or developments is the fact that business has not only been made efficient but very fast. The speed has been increased due to the nature of information sharing, in which case people are able to communicate at a click of a button irrespective of the place in which they are globally (Abdel, 2012). In the commercial and business environment, sharing of information and ideas is of paramount importance. Businesses and corporates always need mechanisms in which the rate and speed at which they send and receive information or feedback to their inquiry is faster, which greatly helps to promote operations and speed of business transactions, owing to the urgency and nature of the modern business activities (Jesse, 2013). Ideally, companies and individuals in the current business environment are in a very dynamic environment, in which the appreciation and adoption of the changing trends is inevitable, for success in the business world to be achieved.

First movers in the E-Commerce business face numerous advantages in as much as disadvantages. Mellahi and Johnson question if it pays off to be a first mover into the E-Commerce platform or should an organization wait to cannibalize on ideas of the first movers? (Mellahi & Johnson, 2010). Taking into consideration that competitive advantages
of being a first mover in the E-Commerce platform are easily eroded. This is owing to the rate at which competitors are ready and willing to imitate, frequent rotation of workforce within the industry resulting in knowledge sharing and very low protection barriers of business models. However, it is possible for first movers to enjoy benefits such as a trusted and recognizable brand name, customer buying habits and preferences database, easy and accurate forecast of demand resulting in greater discounts from suppliers, setting the standards within the industry and heavily influencing the decision of customer to switch to other options. Amazon, a US based company retailing books online, has been able to maintain their first mover advantages as evidenced by its continued most visited E-Commerce website in the USA, and one of the top two or three in the UK, France, Germany and Japan. According to Mellahi and Johnson, the company has achieved this advantage through three critical factors: speed, continuous innovations and patenting (Mellahi & Johnson, 2010). To be able to harness first mover advantage, organizations must strive to harness the power of rapidly expanding internet, enable customers to search for, order and pay for their desired goods easily, provide a wide array of goods for the consumers to select, store details of customers purchases for easy re-purchase, use collaborative-filtering technology, acquisitions and mergers of small and key players in the industry as well as reminders and order-tracking systems.

However even as retailers embrace the E-Commerce platform, in order to achieve internet based advantages, there are other factors that are inhibiting the adoption of E-Commerce and especially in the developing countries. For example, a study conducted in Egypt showed that technical, legal and regulatory barriers inhibited the adoption of E-Commerce within SMEs. Banking industry, which is a retailer in its own right, was facing challenges of limited use of internet banking and web portals, lack of internet security and customer sensitization of the availability of this platform (Abdel, 2012). Similarly, in another developing country, the adoption of E-Commerce in Nigerian business organizations has increased since the users of internet in Nigeria has grown from 0.1% in 2000 to 29.5% of its population in June 2010 and still has the potential to grow higher (Ayo, Adewoye and Oni, 2011). According to Tunde, (2013) Nigeria recorded an estimated 25 per cent growth in online shopping with revenues valued at N62.4 million in 2011, which is N12.5 billion increases from 2010 as reported by Euro monitor international, a global market research organization. Nonetheless, lack of basic infrastructure like steady power supply, good roads as well as limited access to
telecommunication infrastructure and high cost of internet could hinder the growth of E-Commerce in Nigeria (Adebayo et all, 2013).

In Kenya, just like in any other country all over the world, businesses are embracing the technological applications and use of ICT tools to ensure that their business dealings and operations are made faster, convenient, easier, reliable, and operational across business hours and beyond (Jesse, 2013). For instance, both small and large organizations have embraced information communication technology, and their business environment is thriving because of positive adoption and implementation of E-Commerce (WTO, 2013).

For the case of Kenyan supermarkets, E-Commerce has been of profound use and great importance in making the industries thrive regardless of the geographical locations and irrespective of the nature of business handled (WTO, 2013). Many small scale operators have resorted to the use of E-Commerce, to create market for their goods and services and hence expanding their market base to ensure increased output due to more sales and wider customer base. Some of the positive contributions in the Kenyan market is that business operators and consumers are able to access market services in buying and selling in 24 hours through ought the year, hence making the operations of business activities convenient to every involved market player as people are able to get involved in any time of the day according to their needs and convenience (WTO, 2013). Business-to-business E-Commerce accounts for the vast majority of total E-Commerce sales and plays a leading role in global supply chain networks especially in Kenya. One reason why B2B E-Commerce is more sophisticated and larger in size than direct Business-to-consumer is that B2B transactions developed out of the electronic data interchange (EDI) networks of the 1970s and 1980s are still reliable as opposed to when businesses are selling to individuals (Mambi, 2010). However, in the recent past a lot of changes have been observed in which case a good number of Kenyan citizens have been able to build trust to the many online shops and businesses such as OLX and Jumia, which buy and sell online and therefore making B2C a reality market trend in Kenya (Kennedy, 2013).

The steady growth in business-to-business E-Commerce has changed the cost and profit picture for companies worldwide, especially in Kenya. At the microeconomic level, growth of B2B E-Commerce results in a substantial reduction in transaction costs, improved supply chain management, and reduced costs for domestic and global sourcing (Lavi, 2016). At the macroeconomic level, strong growth of B2B E-Commerce places downward pressure on
inflation and increases productivity, profit margins, and competitiveness (Allison, 2015). In the Kenyan context, E-Commerce retail has become the fastest growing trade sector and has outpaced every other trade and manufacturing (Lube, 2003). This is closely associated to the rate at which young people are accepting technology and providing digital platforms to carry out business, and due to the support from different agencies to promote technological adoption through the implementation and incorporation of ICT goals at all levels. Society has also changed its attitude to the use of ICT tools, such as phones, computers and other devices which are directly helping promote business opportunity especially in the retailing sector in Kenya (Zeinab, 2005).

1.2 Problem Statement

Kenyan Supermarkets are facing a number of effects which are both positive and negative due to the use of E-Commerce. Some of the positive impacts as already been mentioned are very helpful, however some impacts have caused stiff competitions and closure of some businesses especially those which are not able to cope up with the growing and changing trends in commerce (MacLean, 2004). E-Commerce does not only come along with positive implications but negative implications as well such as the cost of installation, and exposure to threats and cybercrimes especially in terms of not being sure the motives behind all the parties involved in this nature of business activities. A study by Jesse (2013) notes that currently almost a half of the Kenyan retail business use E-Commerce in transacting their trading activities. The main challenge therefore lies on the fact that those who are yet to embrace technology and who are not ready to assume the risks associated with this nature of trading are made less competitive in the industry (WTO, 2013).

Regardless of the recognition of the value of E-Commerce application in the Kenyan retail businesses, it is clear that from the study of Joshua, Agnes and Isaac (2013) that the adoption of E-Commerce is still low. It is against this background that the study sought to find out the impact of E-Commerce in selected Kenyan supermarkets.

1.3 Purpose of Study

The purpose of this study was to investigate the impact of E-Commerce on Kenyan Supermarkets.
1.4 Research Questions

1.4.1 How do E-Commerce processes affect the use of E-Commerce applications in selected retail businesses?

1.4.2 How does the efficiency of E-Commerce affect the use of E-Commerce applications in Kenyan retail businesses?

1.4.3 How do the Kenyan supermarkets view E-Commerce as an alternative trading platform?

1.5 Significance of Study

The study is of importance to the following stakeholders:

1.5.1 Kenyan Supermarkets

The study will be of value to Kenyan Supermarkets as well as foreign based supermarkets seeking to enter the Kenyan market. It will enable the management to understand and appreciate the impact of E-Commerce on corporate business strategy in the organization. It will also facilitate them to adopt and implement effective competitive strategies so as to keep abreast with the turbulent digital environment and culture among the rising middle income earners whose spending power serve as the back-bone of this economy.

1.5.2 Other Retailers

The findings of the study will highlight the importance of other retailers in other industries especially with the increased levels of smartphone ownership, traffic jam and globalization. This will motivate them to adopt and effectively implementing competitive business strategies to strengthen their E-Commerce business units such as mobile applications and websites to ensure that they stay competitive and profitable.

1.5.3 Academicians / Researchers

On the theoretical side the study will be of value to academician and other researchers in this field. They will utilize the results of this study as part of secondary data to enhance future studies in support of digitization. The study will facilitate individual researchers to identify gaps in the current research and carry out research in those areas.
1.6 Scope of the Study

The study was to be carried out in selected retail businesses that use E-Commerce and those which intend to use E-Commerce in Kenya. The objective of this research was to find out the impact of E-Commerce on Kenyan supermarkets taking into considerations three factors including processes of E-Commerce, E-Commerce efficiency, and the views of E-Commerce as an alternative trading platform for supermarkets. The research findings of the study were used to expand knowledge of existing and potential supermarkets and the wider retail industry in Kenya; both governmental and non-governmental agencies that are charged with the responsibilities of implementing information communication technology in the Kenyan business market. The study population was drawn from 52 Supermarkets in Nairobi County consisting two senior management representatives from the finance and operations department. The research study covered the period 2015 - 2016.

1.7 Terminologies

1.7.1 E-Commerce

E-Commerce refers to the nature of doing business through the use of internet and electronic devices (Kennedy, 2013).

1.7.2 Ergonomically-Designed Handheld Data Devices

Ergonomics involves the customization of device designs for maximum use by human beings. It is ensuring that the device is fully accessible by the user without inhibiting the effectiveness of the device during operation (Clarkson, Gupta, & Keates, 2003). Retrospectively, Ergonomically Designed Handheld Data Devices in this context include PDAs, tablets and phones.

1.7.3 Collaborative Filtering Technology

It is a “method of making automatic predictions (filtering) about the interests of a user by collecting preferences or taste information from many users (collaborating)” (Smith & Salvend, 2011). For example, analysing a customer’s purchases and suggesting other books that people with similar purchase histories have bought (Mellahi & Johnson, 2010).
1.8 Chapter Summary

The chapter commences by giving an overview of E-Commerce with its numerous advantages to businesses all over the world. In the era of globalization, E-Commerce has resulted in increased competitiveness in many industry including the retail industry. Due to the hustle and bustle of life, digitization, increased population and in effect increased human and traffic jam, E-Commerce has been seen to be a major game changer. Supermarkets in Kenya will, at this rate be compelled to embrace this technology. Therefore, in a bid for supermarkets to differentiate themselves and keep up with the growing trends both locally and internationally, this platform should be embraced and treated with equal magnitude as any other corporate business strategy. With the significant increment of foreign-owned supermarkets in Kenya, it is therefore important that the home-grown supermarkets step up and embrace technology to stay ahead of their competitors.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter covers the literature review of the existing research literature on the impact of E-Commerce on Kenyan Supermarkets. In specific the chapter discusses the effect of E-Commerce processes on the use of E-Commerce applications in selected retail businesses, how efficiency of E-Commerce affects the use of E-Commerce applications in Kenyan retail businesses, how do Kenyan supermarkets view E-Commerce as an alternative trading platform and chapter summary.

2.2 Effect of E-Commerce Processes On Applications in Selected Retail Businesses

E-Commerce impacts directly on marketing, as the record of published work shows - some of the earliest experience with E-Commerce revealed that not everyone will be interested. Berry (2011) reported that in moving to ecommerce, businesses must first identify the potential customers interested in working with that technology. Although technically a company website in principle has the capacity to serve an unlimited number of users, not everyone will be attracted. Strategically, it is important to identify the specific market segment that the website will attract and can be directed to serve its customers. In this pattern of evolving experience, it becomes clear that the emergence of E-Commerce dramatically raises the significance of competition between businesses, and forces businesses to adapt continuously to new market situations (Mellahi & Johnson, 2010). The growth of E-Commerce has attracted considerable recent attention within all business spheres. Increasingly, traditional retail businesses have also begun to utilise the opportunities offered by trading activities through the internet (La & Kandarpully, 2012).

2.2.1 E-Retailer Opportunities

The introduction of E-Commerce has offered numerous opportunities to businesses, including reduced costs, closer relationships with customers, increased profit and customer loyalty. At a very fundamental level, businesses operating via the internet usually enjoy much lower overheads than their traditional retail counterparts (Liu & Amett, 2010). Through websites, E-Retailer businesses are able to provide customers with various self-service and delivery
options. These, of course, offer considerable benefits to these businesses in improving product and service quality, increasing productivity and in lowering costs. For example, company websites allow businesses to decrease the number of phone calls, maintain global reach and targeted marketing, shorten transaction times (better customer service), reduce manpower, mass customisation, establish new forms of specialized stores and niche marketing (Tarn, Razi, Wen & Perez, 2013).

According to Windham and Orton (2010) a number of measurable elements that relate to achieving higher profitability via customer retention include Base Revenue, Growth, Referral and Price Premium. This has been further expounded on below:

i) Base revenue: It is the revenue an E-Retailer business receives from a given transaction, regardless of customer relationship or loyalty or product discounts. The longer the business keeps a paying customer, the more of this base revenue they receive.

ii) Growth: When the initial transaction creates value for a customer, the customer purchases additional products from the E-Retailer. The revenue generated from that customer grows as the E-Retailers' share of that customer's buying dollar rand grows.

iii) Referral: Referral revenue occurs when a satisfied customer refers an E-Retailer business to other potential customers. The longer the business relationship with a customer lasts, the newer customers are referred to such E-Retailer business.

iv) Price premium: Contrary to popular belief, loyal customers will pay more for an E-Retailer business product than will a new customer who is not necessarily convinced of the value of the offerings. If the customer is satisfied with the value of a product, why would the customer incur the trouble and risk of trying another product? Loyal customers are not tempted to defect by competitors' discounts, and they do not require discounts to continue to purchase from an E-Retailer. The more satisfied the customer is with the business relationship, the greater the premium the customer will pay. Once acquired, a loyal customer boosts the business profits by making more purchases, paying higher prices, and being less expensive to work with. The customer also refers potential customers or associates to preferred retailer, eliminating the cost of acquiring those customers (Reichheld & Schefter, 2010).
2.2.2 E-Retail Challenges to Retailers

One of the first challenges retailers face when attempting to embrace E-Business and its technologies is how to move from being a traditional or "bricks and mortar" businesses to being E-Retailer or "clicks and mortar' business. Here, a more virtual form of business may result, mixing traditional ways of working with electronic communications (Jackson & Hams, 2012). Jackson and Hams (2012) further explain that one of the key problems for existing retail businesses is to migrate from their "legacy infrastructure' to an E-Business infrastructure. While start-up companies can leapfrog these problems, established ones face some difficult challenges. This was one of the reasons why it was originally speculated that the internet start-ups (also known as "dot.coms·) would become the dominant business model in the business to customer (B2C) internet market place. In other words, these businesses have to be prepared to re-organise and restructure themselves continuously. As such, understanding how to manage change effectively becomes essential. As Stroud (2012) notes: “The benefits that the internet technology is expected to deliver will not be realized unless a business adapts its organizational structure and methods to meet the radical new ways of working that this new technology makes possible”.

Stroud (2012) further explains that effective E-Retail business solutions demand integrated front and back end systems. This means that when customers interact via the internet, placing orders and purchasing goods, the stock control and financial systems also need to "speak the same language" and carry out their part of the transaction processing. The problem is that many such back end systems are unlikely to be based on open internet protocols and may even have been custom-built. Nonetheless, such systems may be critical to a company's business, and include such details as bank account data and stock rotation information.

Seybold and Marshak (2014) mentioned that back in the heyday of reengineering, many companies focused on the wrong things, such as reengineering their businesses to make them more cost-efficient. Instead, they worked from the inside out, streamlining administrative processes, manufacturing operations, procurement process, and so forth. These were all valuable initiatives, but they left out the most important piece of the equation. They did not start from the outside (the end customer) and work in. Many of these initiatives saved companies a great deal of money and made them more productive, but they have not necessarily improved revenue.
2.2.3 E-Retail Challenges to E-Customers

Some of the electronic channels through which customers interact with E-Retailer businesses include the web, integrated voice response (IVR) systems, e-mail, handheld digital appliances, cell phones and "smart" call centres (Seybold & Marshak, 2014). Some studies have attempted to understand whether browsing on the internet is correlated with purchasing on the internet (Lindquist & Scarborough, 2012). It is questionable whether a perfect match is possible, since some shoppers enjoy browsing as a separate activity, while others purchase without browsing if their choice is clear and determined in advance. The phenomenal growth of the E-Retail sector has not been without its own unique troubles and challenges to its customers. One of the main issues arising repeatedly concerns the level of service provided during the course of electronic transactions. For example, a market research suggests that one out of every four e-shoppers perceives that there are "major" problems associated with internet shopping, ranging from confusing information, long upload sessions, and payment difficulty (Ryan & Valverde, 2013).

Internet holiday shoppers have also reported myriad problems including late delivery, paying extra shipping costs for products to arrive on time, receiving partial orders, and receiving damaged merchandise (Zemke & Connellan, 2011). Despite the recognition of the fact the service problems are relatively widespread in the E-Commerce sector to date, research on service failure and recovery issues has focused almost exclusively on failure and recovery in the context of interpersonal service encounters. That is, service situations in which the service customer and provider interact with each other in order to consummate the service transaction (Smith & Bolton, 2012).

To comprehend the impact of customer disappointment, it is important to know what consumers consider to be bad experiences and how those experiences will impact in their future actions. When experienced shoppers were asked which barriers, if any, might prevent them from making more online purchases in the near future, the need to touch, feel, and try on products was the most common response. E-Retailers choosing to carry high involvement products will continue to struggle with the consumer's need to experience these types of products in future years (Windham & Orton, 2010).
Windham and Orton (2010) further illustrates that these high-involvement retailers should seek ways to provide target customers with the required tactile information to overcome the barriers to the sale. Whether addressed through the use of better graphics technology and higher bandwidth or through, multichannel alternatives, the issue must be addressed to break through current barriers. Even though E-Customers are becoming more and more comfortable with providing credit card and personal information on the internet, security and privacy issues are still seen as barriers to e-shopping in the future. E-Retailers need to be sensitive to E-Customers’ reluctance to provide their personal information on the internet. One way to gain an E-Customers’ confidence suggested by Windham and Orton (2010) is for E-Retailers to address the issue up-front with reassuring security and privacy policy statements. Furthermore, it is imperative that companies abide by those policies. While there are still barriers to break down, Windham and Orton (2010) note that in the year 2010, 37% of customers remain optimistic and report that they did not anticipate any barriers preventing them from buying more on the internet.

2.3 Effect of Efficiency On the Use of E-Commerce Applications

E-Commerce technologies are increasingly making E-Retailing and delivery a reality, possibility by combining high bandwidth networks running on LAN, WAN, Wi-Fi, Bluetooth, NFC, Infrared and using light weight ergonomically-designed handheld data management devices such as rugged PDAs, rugged Tablets and Barcode Readers, which are able to run web-based applications at the shelf. These technologies can improve E-Retailers’, product and service quality, increase customer satisfaction and profitability. These could be achieved and maintained through streamlining processes internally and with suppliers. The use of electronic ordering and processing in particular can significantly reduce costs by enabling continuous stock tracking, eliminating processing errors, reducing headcount and reducing lead-times and stock holding costs (South African Department of Trade & Industry, 2012).

2.3.1 E-Commerce and Service Quality

There has never been a better time to start a business, especially an ecommerce business. Five years ago, internet shopping was something consumers did from a home or office PC. The internet has dramatically reduced the cost of setting up, and especially of reaching customers. Marketing costs, provided an e-customer has something interesting to sell, could amount to paying a few cents for a search-engine keyword. For a commission, sites such as eBay and
Amazon will also list a customer's wares. PayPal will look after credit-card payments, saving the customer the bother of establishing a business account. Also companies such as UPS will deliver anywhere, and provide online tracking facilities for checking how far a parcel has gone (The Economist, 2014).

Indeed, dot-com upstarts such as Net grocer, Peapod and Webvan, all of which delivered goods ordered on the internet to E-Customers' doors aimed to put a serious hurt on their traditional shop counterparts, not to work with them (Buderi, 2015). All over the world, individuals have begun businesses this way. They might be selling avatars (virtual personas for online gaming) in South Korea, tribal carvings in South Africa, model steam-engine parts in Germany, or classic Corvettes in California. Web publishing too can now more easily be supported by advertising. Some E-Commerce companies will find and place ads on their website for individuals or companies, and split the revenue. Google's AdSense service, for instance, uses the search engine's technology automatically to match the content of a website with appropriate text-based ads.

In other moves, Google has been steadily expanding its operations beyond its core internet search sites, to include free e-mail, web logs and online comparison shopping. The Economist believes that the more popular a site becomes, the higher the income (The Economist, 2014). Now, a different approach to supermarket E-Commerce is emerging. E-Retailers start to gather information from the moment the customer accesses the site until the moment the customer exists, regardless of whether the customer makes a purchase or not. The E-Retailer now begins to learn about each customer. This information forms a basis for initiating a dialogue with the customer in the future and starts to build a customer relationship. They also use this data to target advertising and promotions, treating demographically identical neighbours differently. Customers will no longer be treated as segments but as unique individuals. The objective of the E-Retailers is to convert browsers into loyal customers. This is evident in Peapod.com, an E-Retailer supermarket and Tesco (Walsh & Godfrey, 2010).

Peapod.com delivers a wide range of groceries, household products and toiletries directly to customer's address of choice. They keep a list of the customer's previous purchases including brand, pack size and quantity purchased. The customer need make only minor changes from week to week, saving time and effort. Tesco services internet orders in its shops. This arrangement is extremely profitable, because it builds on spare capacity within the shop
network, and shop staff fills orders during quiet periods. Whether customers purchase from the internet or traditional shop, the data about what they buy is linked to Tesco's loyalty card, so the company knows who their customers are irrespective of the channel the customer used. If the customer log onto the company website through a home computer or PDA, it lists their favourite or recently purchased items whether they bought in a store or online (Buderi, 2015).

In this manner, Tesco has amassed a mountain of data about its customers, which it uses in various ways. The regular mail statements to all loyalty card customers include quasi personalized coupons tailored to their buying habits. Some coupons might provide discounts on products a customer has recently purchased. In addition, Tesco puts out five editions of a quarterly hard-copy magazine, each of them tailored to a broad audience segment: students, young adults without dependents, young families with children, people age 40 to 60 and those over 60. Finally, the retailer offers a number of further segmentations, or clubs - World of Wine, Baby and Toddler, that customers choose to join, and which enable even more precise delivery of promotional offers (Buderi, 2015).

Walsh and Godfrey (2010) illustrate further that E-Commerce also offers E-Retailers the opportunity to operate their business round the clock and round the globe. The shop is always open and in most cases, a virtual shop assistant, the help desks or customer service personnel are ready help. If a customer wants to place an order with a US based Amazon.com at 9 o'clock South African time on Sunday morning, this customer can. Despite the time difference, Amazon.com answers the customer's questions, offers advice, gives recommendations, processes and confirms the order, and even advices of the expected time of delivery. In the meantime, Amazon.com locates the book in the physical world and notifies the customer of any problems that may occur in obtaining or shipping it. As the customer receives the confirmation of shipment, tracking of the order can be done by accessing Amazon.com's tracking system on their website.

The ability of the E-Retailers to carry out a constant dialogue with their customers is an integral part of the personalization process. How opportunities for dialogue between E-Retailer and customer are conducted, is what differentiates sites. Personalisation is not just limited to the service that is offered. E-Retailers are increasingly customising products and offering them on a mass-market basis at an acceptable price to the customer. Customised products according to Walsh and Godfrey (2010) are probably the ultimate in personalized
service and can command a price premium. Dell.com pioneered this concept. They custom-built each computer so that rarely do two computers leave the factory with exactly the same configuration (Burt & Sparks, 2013).

2.3.2 E-Retailing and Customer Loyalty

In E-Retailing, because a company website represents the brand and stands as a substitute for the traditional shop, customer loyalty depends, even in the first instance, on the website's performance. Judgement about performance will be based on its usefulness and more specifically on its impact on service quality, during and after purchase. The interrelationships among loyalty, trust, and relationship have been well established in marketing and service management literature (Berry, 2011; Foster & Cadogan, 2010; Graham, 2011). Customer loyalty is essential for all businesses, especially for E-Commerce ventures that seek to strengthen their brand image (Barton, 2013). Building customer loyalty is vital to the success of the E-Retailer because, without loyal customers, even the most effective business model will fail, and the business will eventually try to satisfy the whims of only price-sensitive customers (Reichheld & Schefter, 2010). Reichheld and Schefter further explain that attracting and retaining a larger number of customers requires E-Retailers to remain devotedly customer centric, as E-Customers continue to demand more from their internet experiences and have many more opportunities to migrate to other sources of supply, based upon easily available price comparison information.

A few years ago Gosh (2013) predicted that competitive pressures of new electronic markets in improving customer loyalty, and meeting up with customers' demand would force businesses to join the market, irrespective of their willingness to do so. The question is no longer whether to deploy the internet, but how to deploy it profitably. However, the disastrous experiences of new internet-based businesses in the "dot-bomb" period have proven that the pressures to join in are no guarantee of success (Porter, 2011).

In recent years, an increasing number of E-Retailer businesses have specialized in selling service products such as airline seats and hotel room nights. As service intermediaries, these businesses have successfully gained the interest and patronage of customers because they are able to offer substantial benefits to the customers through E-Retailing, such as product choices, convenience, and value for money (Foster & Cadogan, 2010). To maintain this relationship, the E-Retailer continues to find ways to build the customer's commitment and
loyalty. For example, when Amazon planned to introduce their music store they asked customers to help create it. They asked customers to provide reviews on a number of COs and videos. When Amazon.com finally opened the doors of its music store, they already had a potentially loyal customer base. This was a store created by customers for them; it was natural that they would start shopping there. Customers, who recognise that an offering is targeted at them, or when they have a hand in its creation, are more likely to return (Walsh & Godfrey, 2010). The explosive growth of usage of the internet provides a great number of potential customers to E-Retailers.

When an E-Retailer business deploys its website as a source of information and service interaction for its customers, research indicates that it will discover that customers will tell them exactly what they want and need with great precision. Such businesses will probably learn, to their dismay, that in order to satisfy their customers need they will have to do major work on their existing systems. In the long run, customers will prefer to do business with companies that put the customer's needs first (Seybold & Marshak, 2014).

### 2.3.3 Internet technology use for retail activities in Kenya

The mixed results in Asia, the US and Europe are generally far in advance of what has been achieved in Africa. The UNCTAD report explains that although internet connectivity is slowly improving in Africa, E-Commerce there remained limited at the time of the study. Local internet connection is now available in all African capitals, and legal monopolies in internet service provision have almost disappeared, resulting in a 30% rise in data traffic from the continent in 2011 alone. But the E-Commerce infrastructure gap between developed and developing countries is largest in Africa, where only one in 118 people use the internet - or only one in 440, when the five countries with the most users are excluded.

According to a study of South Africa's internet industry by independent technology research organisation World Wide Worx, the rollout of internet access services by South Africa's telecommunications operator (Telcom) is one of three factors that influenced the kick-start growth in internet access in the country. However, E-Commerce has been reported to be concentrated in South Africa and Egypt, while B2B outside South Africa remains negligible. B2B opportunities do, however, exist for Africa in the traditional and internet based services sector. And in the meantime, exporters of handicrafts and products and services targeting Africans outside their home countries are doing a thriving business in B2C (UNCTAD report,
2012). It is evident in the South African Department of Trade and Industry report (2012) that E-Retailers in South Africa have always had a bad press, and both the good and the bad have been lumped together as chronic underperformers from the start. Where American E-Retailers experienced a 'honeymoon' of media hype for several years before the crash that began in April 2010 South African E-Retailers have usually been assumed to be on a hiding to nothing.

2.4 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

As E-Commerce technologies moves fast, it is important for businesses to take decisions that are both fast and right and choose a sustainable approach that fits into their business activities (Foster & Cadogan, 2010). No single technology covers all possible E-Commerce applications. Given the variations in technical and telecommunications infrastructure in developing countries this research includes the use of the internet and websites powered by computers, but also the use of mobile phones (sometimes used in what is referred to as m-commerce), voice-over-IP, and even computer applications with no telecommunications component. All of these can and are being used in innovative ways by businesses to improve service offering, attract and retain customer (South Africa Department of Trade & Industry, 2012).

Similarly, any technology qualifies as long as it supports the core business activities at different levels. Not only can their technologies speed up certain processes that hinge on the processing or dissemination of information, they also permit certain activities to be restructured and re-engineered, or carried out at reduced cost, or with improved accuracy and reliability. Hence this will be a foundation for building customer loyalty and may lead to repeat patronage (Foster & Cadogan, 2010).

2.4.1 E-Commerce Adoption and Competition in The Retail Industry

A number of authors have studied the possible influence of the intensity of competition on the adoption of new technologies or of E-Commerce (Robertson & Gatignon, 2010). Thong (2013) found out that competition influences the adoption of new technologies or E-Commerce very little in small enterprises, while Premkumar and Roberts (2013) findings were contrary; that the pressure of competition is a factor that influences adoption. Intensity of competition can be measured by the number of competitors and the policies of adoption of
E-Commerce in these enterprises. Finally, Lertwongsatien and Wongpinunwatana (2013) have found that there is a relationship between the intensity of competition in an industry and the degree of adoption of E-Commerce.

According to Kinyanjui and McCormick (2012) ensuring competition and entry opportunities for other market players, particularly smaller ones, must be an ongoing policy priority. Electronic business and internet strategies appear to be reinforcing market structures and the role of these companies (Rennhard, Sandro, Laurent, Platter & Hutchison, 2014). Auger, Barnir and Gallaugher (2013) observe that while E-Commerce provides SMEs with opportunities to participate in new supply chains and markets, they may compete and conflict with established channels and established market structures. There may be explicit or implicit pressures from leading firms to maintain existing channel structures and networks or to refrain from participating in new channels (Chong, 2012). Competition authorities need to monitor possible anti-competitive behaviour as the electronic marketplace evolves. Technological factors also come into play (Dixon, Thompsons & McAllister, 2012).

2.4.2 E-Commerce Adoption and Its Influence on Business Performance

Several proactive drivers have been identified as rationale for business organizations to adopt the E-Commerce (Gilmore, Gallagher & Henry, 2014). Proactive reasons include the expansion of a company’s marketplace to national and international markets. With minimal capital outlay, a company can quickly locate more customers, the best suppliers, and the most suitable business partners worldwide (Sajuyigbe, 2012), enables companies to procure material and services from other companies, rapidly and at less cost and shortens or even eliminates marketing distribution channels, making products cheaper and vendors’ profits higher (Molla & Licker, 2015), helps small businesses compete against large companies and enables a very specialized niche market (Jeffcoate, Chappell & Feindt, 2012). Gilmore et al. (2014) identify four major E-Commerce drivers, both internal and external, in terms of their relevance to export marketing strategy. “Internal E-Commerce drivers include product online transferability and E-Commerce assets, and external drivers include E-Commerce infrastructure and demand for E-Commerce.”

Papazoglou and Ribbers (2012) argued that several organizations are often at a dilemma on the need for adoption of any form of innovation, and E-Commerce is still new hence they see the creation of a website as an onerous task. These factors include: firm size, organizational
structure, and quality of human resources; technologies which are the internal and external factors significant to the business; others include: environment which expresses where the firm conducts its business such as industry, competitors, government, etc. Within the wider spectrum, issues such as Technology competence, firm size, firm scope, consumer readiness, and competitive pressure were significant factors in the adoption of E-Commerce. Gbolagade, Ayo-Oyebiyi and Adebayo (2013) affirmed that innovation culture, infrastructure, finance, knowledge and skills, compatibility and level of security were the significant factors in the adoption of E-Commerce.

The importance of E-Commerce in achieving business organizations’ stated objectives in a global competitive environment cannot be overemphasized. Clearly, E-Commerce over the internet has offered important advantages including a more efficient way to conduct business transactions for buyers and vendors alike (Buderi, 2015). Alrawi (2012) affirmed that with E-Commerce buyers can access information instantly, and even virtually test the product, which in traditional marketing concept would be time consuming. He said that E-Commerce has changed the way of delivering the product, consumers can have more choices than they could easily locate otherwise and transaction can be made 24 hours a day, from almost any location. E-Commerce provides better access and communication with customers, which can be used for a better understanding of customer needs and finally offering a product which fully satisfy those and enables individuals to work at home and to do less traveling, resulting in less road traffic and lower air pollution (Allen & Fjermestad, 2011).

At the same time, companies can expand their product line, offering additional interactive or physical services around the core product (Chaffey et al., 2010). E-Commerce gives new possibilities for distribution of the product and international expansion with relatively lower costs (Allen & Fjermestad, 2011) and allows lower inventories by facilitating pull-type supply chain management. This allows product customization and reduces inventory costs.

### 2.4.3 E-Commerce and Business Strategy

Reichheld and Schefter (2010) suggest that a one-size-fits-all E-Retail strategy will not work for the increasingly diverse internet shopping community. Trying to be all things to all customers will be increasingly challenging as greater proportions of the mass market come online. Not focusing may result in finding no volume market at all. E-Retailer businesses must identify their target customers and offer value propositions that will appeal to
customers' unique needs. These businesses may choose to address multiple segments, but realised that the same offer will not appeal to all shoppers. Walsh and Godfrey (2010) also suggest that analogies can be drawn from the approach that E-Retailers take in building customer loyalty and satisfying customer need. An E-Retailer builds the relationship over time by demonstrating an interest in the customer, listening and understanding the customer. There is an interaction with the customer one-on-one. In turn the customer grows to trust the E-Retailer.

Once the relationship is established the customer needs to have a strong reason not to continue with it. There is a familiarity, a commitment, and a sense of belonging. An emotional element now exists between customer and E-Retailer and it goes beyond any rational reason for preference based on physical or functional product attributes. Jackson and Hams (2012) note that the scope of internet applications can vary hugely between organisational strategic initiatives, highlighting differences between E-Commerce and E-Business strategies. They characterize E-Commerce strategies as "catalogues put on the internet to allow electronic ordering". Such arrangements typically involve dedicated E-Retailers, acting independently of other distribution channels, which are often the exclusive electronic contact point for customers. Siegel (2010) also states that such E-Retailer websites tend to be mere virtual versions of their concrete counterparts. A genuine business strategy, on the other hand, seeks to "foster conversations" with customers throughout the organisation (actually or figuratively), with all employees having a direct electronic link. Such customer led approaches, according to Siegel (2010), involve listening to customers in a strategic way, deepening relationships and loyalty. E-Retailers are reminded that the benefits of E-Commerce are not just faster ordering from bigger catalogues, but better service and a closer relationship with a more ‘faithful’ customer.

Newell (2012) highlighted that companies must leverage customer information for the effective management of customer relationships on the internet. Seybold and Marshak (2014) made similar points, again focusing on the need for customer-focused strategies that engage customers and build communities of loyal customers. Such strategies suggest something much more radical than the basic E-Commerce brochure-ware approach adopted by many businesses at the moment. It calls for a re-engineering of processes and structures focused around key customer groups, rather than product or service divisions. It also implies cross-functional, team working. Most E-Retailer businesses today are not prepared to create truly
unique and special offers for individual customers based on customer profile information (Siegel, 2013). In fact, most companies are still only capable of offering relatively simple solutions based on customer preference data. Siegel (2013) further explain that creating uniquely customised product offers to target customers, requires better data not just about the customer's preferences, but about the products as well.

2.5 Chapter Summary

The chapter explores review the literature by various writers on the research objectives. The main objective is to investigate the impact of E-Commerce on Kenyan Supermarkets. Precisely literature review has covered the effect of E-Commerce processes on the use of E-Commerce applications in selected retail businesses, how efficiency of E-Commerce affects the use of E-Commerce applications in Kenyan retail businesses and how Kenyan supermarkets view E-Commerce as an alternative trading platform. The next chapter discusses on the research methodology, it focuses on the population; describe the data collection instruments and methods used. It gives details of the research procedures and a data presentation method will be used.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the study provided the research design and methodology that was used when carrying out the study. The chapter presented the research design, the population of the study, sample and sampling techniques, data collection methods as well as data analysis and data presentation methods used in the research study.

3.2 Research Design

The study adopted an explanatory research design, it was structured in a formal study with clearly and well stated investigative questions which sought to find out who, what, where, when and how much (Cooper & Schindler, 2006). Through the explanatory research, the study sought to investigate the impact of E-Commerce on Kenyan Supermarkets. An explanatory research determines and reports the way things are and attempts to describe such things as possible behaviour, attitudes, values and characteristics, (Mugenda & Mugenda, 2008). Explanatory research design was used to investigate the impact of E-Commerce on Kenyan Supermarkets. The independent variables of the study were E-Commerce processes, efficiency of E-Commerce and alternative trading platform. The dependent variable was E-Commerce applications in supermarkets.

3.3 Population and Sampling Design

3.3.1 Population

The target population of this study was the supermarkets in Nairobi Kenya. There are about 52 supermarkets in Nairobi, official Kenya yellow pages (2015) (Appendix II). Mugenda and Mugenda (2008) defines a population as that which the researcher wants to generalize the results of the study and cautions that selection of the population should not be guided by convenience rather but by consistency of the population. The focus of the study was placed on senior employee working with 52 supermarkets within Nairobi county. The study targeted the senior employee in the operation and finance department of each supermarket.
3.3.2 Sampling Design

Sampling design is selecting some of the elements in a population from which a researcher may draw conclusions about the whole population. A population group is the subject on which measurements are obtained; it is the entity of study (Cooper & Schindler, 2006). For the purpose of this study, the unit of study were the Supermarkets in Nairobi County.

3.3.2.1 Sampling Frame

The study sampling frame was the list of the study target population, from where the study selected the sample size (Kothari, 2008). A sampling frame is the list of elements from which the sample is actually drawn (Ngechu, 2004). The sampling frame was obtained from list of senior employees within the operations and finance department of each supermarket.

3.3.2.2 Sampling Technique

Only one senior employee in the operation and finance department was sampled in this study. Other than that, studying a sample selection allows for greater accuracy of results, greater speeds of data collection, lower cost of research and availability of the population elements. A non-probability sampling design was used and it was purposive sampling.

Purposive sampling technique was used to select one senior employee in the operation and finance department of each supermarket. Purposive sampling was used to select the operation and finance manager of each supermarket as they are the ones conversant with the impact of E-Commerce on Kenyan Supermarkets.

3.3.2.3 Sample Size

From the population of senior employee in the operation and finance department of each organization the study purposively selected finance and operation manager from each of the supermarket, thus a sample of 2 senior employees from each organization and a total of 104 respondents. This sample was suitable as they are conversant with the impact of E-Commerce on Kenyan Supermarkets. Furthermore, owing to the big number of target population and given the time and available resources, the sampling of at least 50 elements is recommended by Mugenda & Mugenda (2008).
3.4 Data Collection Method

Primary data that was quantitative and qualitative in nature was collected for this study. Semi structured questionnaire were used in data collection from the respondents. This was developed in line with specific research objectives. The questionnaires were structured to answer the inquiry questions. The survey was conducted using a structured questionnaire, which was divided into four major sections. The questionnaire was made simple and easy for the respondents to answer.

3.5 Research Procedures

The research procedure started by carrying out a pilot test on five respondents from the target population to test the completeness of the questionnaires. This helped in ensuring that the information gathered was reliable and valid. It helped to manage the data collection process with respondents hence reducing ambiguity. This was followed by correction and amendments to the questionnaires to make sure it gave the best results at the end of the study. The questionnaires were administered personally to the respondents after explaining the purpose of the research to them and how their sincerity was important to the study. When collecting the questionnaire from respondents, the researcher went through it with them to ensure that it had all the required information while clarifying on some issues where need be.

3.6 Data Analysis Methods

In this study both quantitative and qualitative data analysis methods were used. Kombo and Tromp (2008) argues that quantitative analysis is the numerical representation and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect. The primary data collected from the questionnaires was cleaned for completeness and consistency, the questionnaire was coded according to each variable of the study to ensure the margin of error was minimized and assured accuracy during analysis. The coded data was analysed using descriptive statistics which included mean, frequency, percentages and standard deviations, qualitative techniques. Data analysis was aided with help of Statistical Package for Social Sciences (SPSS). The data was presented using tables and figures. Multiple regression analysis was used to establish the relationship between the study variables. The multiple regression equation was

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]
Whereby;

\[ Y = \text{E-Commerce applications in supermarkets}, \]

\[ X_1 = \text{E-Commerce processes}, \]

\[ X_2 = \text{efficiency of E-Commerce and} \]

\[ X_3 = \text{alternative trading platform}, \]

while \( \beta_1, \beta_2 \) and \( \beta_3 \) are coefficients of determination and

\[ \varepsilon = \text{error term}. \]

This generated quantitative reports through tabulations, percentages, and measures of central tendency.

**3.7 Chapter Summary**

Chapter three has mainly described the research design and the methodology which was applied in the study to assess the effect of the impact of E-Commerce on Kenyan Supermarkets. The research took a survey approach which was conducted using a structured questionnaire. The sample frame was obtained from employees of supermarkets. The samples were selected through a purposive sampling method. The analysis of the data was done using the SPSS data analysis tool. The next chapter will present research findings in relation to the research questions.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive analysis, content analysis and inferential statistics were used to analyze the data and discuss the research findings.

4.2 Demographic Information

In this study, the study sampled selected finance and operation manager from each of the supermarket, thus a sample of 2 senior employees from each organization and a total of 104 respondents whereby 80 respondents filled in and returned the questionnaires making a response rate of 76.9 percent, as represented in figure 4.2 below, based on Mugenda and Mugenda (2008), the response rate was considered to be excellent.

Figure 4.2: Response Rate
4.2.1 Gender of the Respondents

Figure 4.3: Gender of the Respondents

The study sought to determine the gender category of the respondent, and therefore requested the respondents to indicate their gender category. From the research findings, the study established that majority of the respondents to be as shown; 56% were males whereas 44% of the respondents were females. This is an indication that both genders were fairly involved in this research and thus the findings of this study did not suffer from gender biasness.

4.2.2 Period of Service in the Supermarket

Figure 4.4: Period of Service in the Supermarkets

The study requested the respondent to indicate the length the respondents had worked for the company. From the findings, majority of the respondents as shown by 43.5% had worked for the company for a period of 6-10 years, 29.3% of the of the respondents indicated working for 11-15 years, 10.9% of the respondents indicated working below 5 years, 10.9 % of the respondents also indicated working for a period of between 16-20 years and 5.4 % of the respondents indicated working above 20 years. This is an indication that respondents were well distributed in terms of the period they had worked for the company, with the majority of the respondents working for 6 -10 years.
4.2.3 Education Level of the Respondents

The study requested the respondent to indicate their highest level of education attained. From the research findings, most of the respondents as shown by 56.5 percent indicated that they were at bachelor’s level, 34.8 percent of the respondents indicated their highest level of education as master’s level whereas 8.7 percent were higher diploma holders. This indicates that the employees of these supermarkets were educated well enough to understand the questions and thus would give credible information related to the study.

4.2.4 Period of Service in the Current Positions

The study requested the respondents to indicate the number of years they had worked in their current positions in their organization. From the research findings, most of the respondents, as shown by 34.8 percent indicated to have worked in their current positions for between 6-10 years, 30.4 percent of the respondents indicated to have worked in their current positions for between 11 to 15 years, 16.3 percent of the respondents indicated to have worked in their current positions for less than 5 years, whereas 13 percent of the respondents indicated to have worked in their current position for a period of between 16-20 years and 5.3 percent indicated to have worked for the company for a period of above 20 years. This implies that
majority of the respondents in the supermarkets, had worked in their current position for a considerable period of time and therefore they were in a position to give credible information relating to this study.

4.3 Effect of E-Commerce Process on Applications

Table 4.1: Extent at which E-Commerce process influence Applications

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>26</td>
<td>32.5</td>
</tr>
<tr>
<td>Great extent</td>
<td>38</td>
<td>47.5</td>
</tr>
<tr>
<td>Neutral extent</td>
<td>16</td>
<td>20.0</td>
</tr>
<tr>
<td>Less extent</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The study sought to establish the extent to which E-Commerce process influence E-Commerce application in Kenyan supermarkets. From the study findings, majority of the respondents as shown by 47.5 percent indicated that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent, 32.5 percent of the respondents indicated that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent, whereas 20 percent of the respondents indicated that E-Commerce process influence E-Commerce application in Kenyan supermarkets to a neutral extent. These findings depict that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent.
Table 4.2: Effect of E-Retail opportunities on E-Commerce Applications

<table>
<thead>
<tr>
<th>E-Retail opportunities</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce offers our supermarket closer relationship with the customers.</td>
<td>30.4</td>
<td>40.2</td>
<td>17.4</td>
<td>5.4</td>
<td>6.5</td>
<td>2.174</td>
<td>0.235</td>
</tr>
<tr>
<td>Our supermarket enjoys much lower overheads than our traditional retail counterparts</td>
<td>31.5</td>
<td>42.4</td>
<td>16.3</td>
<td>6.5</td>
<td>3.3</td>
<td>2.076</td>
<td>0.269</td>
</tr>
<tr>
<td>In our supermarket E-Retail business provides customers with various self-service and delivery options.</td>
<td>34.8</td>
<td>39.1</td>
<td>18.5</td>
<td>4.3</td>
<td>3.3</td>
<td>2.022</td>
<td>0.265</td>
</tr>
<tr>
<td>In our supermarket E-Retail shortens transaction time which improves customer service</td>
<td>30.4</td>
<td>42.4</td>
<td>16.3</td>
<td>5.4</td>
<td>5.4</td>
<td>2.130</td>
<td>0.257</td>
</tr>
</tbody>
</table>

From the findings on the level of agreement by the respondents on the effect of E-Retail opportunities on E-Commerce Applications, the study found that respondents disagreed that their supermarket E-Retail business provides customers with various self-service and delivery options as shown by mean of 2.022, their supermarket enjoys much lower overheads than our traditional retail counterparts as shown by mean of 2.076, their supermarket E-Retail shortens transaction time which improves customer service as shown by mean of 2.130 and E-Commerce offers the supermarket closer relationship with the customers as indicated by mean of 2.174.
Table 4.3: E-Retail Challenges to Retailers

<table>
<thead>
<tr>
<th>E-Retail Challenges to Retailers</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>mean</th>
<th>standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our supermarket has not fully moved to E-Retail business</td>
<td>3.3</td>
<td>7.6</td>
<td>13.0</td>
<td>34.8</td>
<td>41.3</td>
<td>4.033</td>
<td>0.884</td>
</tr>
<tr>
<td>In our supermarket when customers order through E-Retail, the stock is always available.</td>
<td>40.2</td>
<td>31.5</td>
<td>18.5</td>
<td>4.3</td>
<td>5.4</td>
<td>2.033</td>
<td>0.190</td>
</tr>
<tr>
<td>Our main focus in our supermarket in embracing E-Retail is the customers.</td>
<td>30.4</td>
<td>42.4</td>
<td>21.7</td>
<td>4.3</td>
<td>1.1</td>
<td>2.033</td>
<td>0.333</td>
</tr>
<tr>
<td>Our systems suffer long upload sessions and payment difficult times.</td>
<td>38.0</td>
<td>33.7</td>
<td>16.3</td>
<td>5.4</td>
<td>6.5</td>
<td>2.087</td>
<td>0.174</td>
</tr>
</tbody>
</table>

The respondents’ level of agreement on E-Retail challenges to retailers observed that majority of the supermarkets have not fully moved to E-Retail business as shown by mean of 4.033. Respondents disagreed that the main focus in embracing E-Retail is the customers and when customers order through E-Retail, the stock is always available as shown by mean of 2.033. The study also found that systems suffer long upload sessions and payment difficult times as shown by mean of 2.087.

Table 4.4: E-Retail Challenges to E-Customers

<table>
<thead>
<tr>
<th>E-Retail Challenges to E-Customers</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>mean</th>
<th>standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our customers are clear and determined while purchasing their choice products.</td>
<td>31.5</td>
<td>40.2</td>
<td>15.2</td>
<td>5.4</td>
<td>7.6</td>
<td>2.174</td>
<td>0.224</td>
</tr>
<tr>
<td>Our supermarket always delivers on time.</td>
<td>28.3</td>
<td>43.5</td>
<td>15.2</td>
<td>10.9</td>
<td>2.2</td>
<td>2.152</td>
<td>0.282</td>
</tr>
<tr>
<td>Our supermarket delivers quality goods to the customers.</td>
<td>22.8</td>
<td>42.4</td>
<td>18.5</td>
<td>7.6</td>
<td>8.7</td>
<td>2.370</td>
<td>0.243</td>
</tr>
<tr>
<td>Customers are reluctant to provide their personal information on the internet</td>
<td>30.4</td>
<td>39.1</td>
<td>17.4</td>
<td>7.6</td>
<td>5.4</td>
<td>2.185</td>
<td>0.217</td>
</tr>
</tbody>
</table>
On the level of agreement with regards to E-Retail challenges facing e-customers, the study found that respondents disagreed that their supermarket always delivers on time as shown by mean of 2.152, their customers are clear and determined while purchasing their choice products as shown by mean of 2.174, customers are reluctant to provide their personal information on the internet as shown by mean of 2.185 and that their supermarket delivers quality goods to the customers as shown by mean of 2.370.

4.4 Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications

Table 4.5: Extent to which efficiency of E-Commerce influence E-Commerce applications

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>36</td>
<td>45.0</td>
</tr>
<tr>
<td>Great extent</td>
<td>36</td>
<td>45.0</td>
</tr>
<tr>
<td>Neutral extent</td>
<td>8</td>
<td>10.0</td>
</tr>
<tr>
<td>Less extent</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

The study sought to establish the extent to which efficiency of E-Commerce process influence E-Commerce applications in Kenyan supermarkets. From the study findings, majority of the respondents as shown by 45 percent agreed that efficiency of E-Commerce process influence E-Commerce applications in Kenyan supermarkets to both a very great extent and great extent whereas 10 percent were neutral that efficiency of E-Commerce process influences E-Commerce applications in Kenyan supermarkets. These findings depict that efficiency of E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent.
Table 4.6: E-Commerce and Service Quality

<table>
<thead>
<tr>
<th>E-Commerce and Service Quality</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce in our supermarket provides information on what the customer needs are</td>
<td>27.2</td>
<td>40.2</td>
<td>17.4</td>
<td>9.8</td>
<td>5.4</td>
<td>2.261</td>
<td>0.222</td>
</tr>
<tr>
<td>Our supermarket converts browsers into loyal customers.</td>
<td>31.5</td>
<td>41.3</td>
<td>15.2</td>
<td>5.4</td>
<td>6.5</td>
<td>2.141</td>
<td>0.238</td>
</tr>
<tr>
<td>E-Retail enables delivery of promotional offers</td>
<td>31.5</td>
<td>39.1</td>
<td>16.3</td>
<td>7.6</td>
<td>5.4</td>
<td>2.163</td>
<td>0.213</td>
</tr>
<tr>
<td>In our supermarket E-Retailer has led to increasingly customizing products and offering them on a mass-market</td>
<td>35.9</td>
<td>29.3</td>
<td>19.6</td>
<td>7.6</td>
<td>7.6</td>
<td>2.217</td>
<td>0.134</td>
</tr>
</tbody>
</table>

The study sought to establish the respondents level of agreement on E-Commerce and service quality. From the findings the study revealed that majority of the respondents disagreed that their supermarket converts browsers into loyal customers as shown by mean of 2.141, E-Retail enables delivery of promotional offers as shown by mean of 2.163, their supermarket E-Retailer has led to increasingly customizing products and offering them on a mass-market as shown by mean of 2.217 and E-Commerce in their supermarket provides information on what the customer needs are as shown by mean of 2.261.
Table 4.7: E-Retailing and Customer Loyalty

<table>
<thead>
<tr>
<th>E-Retailing and Customer Loyalty</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our E-Retail meets our customers demand</td>
<td>27.2</td>
<td>38.0</td>
<td>17.4</td>
<td>9.8</td>
<td>7.6</td>
<td>2.326</td>
<td>0.188</td>
</tr>
<tr>
<td>Our supermarket involves the customers in updating the E-Retail</td>
<td>29.3</td>
<td>33.7</td>
<td>20.7</td>
<td>7.6</td>
<td>8.7</td>
<td>2.326</td>
<td>0.176</td>
</tr>
<tr>
<td>Our supermarkets E-Retail systems are effective in providing quality service during and after purchase</td>
<td>26.1</td>
<td>42.4</td>
<td>14.1</td>
<td>8.7</td>
<td>8.7</td>
<td>2.315</td>
<td>0.226</td>
</tr>
</tbody>
</table>

In regards to E-Retailing and customer loyalty, the study revealed that respondents disagreed that their supermarkets E-Retail systems are effective in providing quality service during and after purchase as shown by mean of 2.315. Additionally, their supermarkets do not involve the customers in updating the E-Retail and that E-Retail meets customers’ demand as shown by mean of 2.326 in each case.

Table 4.8: Internet Technology Use for Retail Activities in Kenya

<table>
<thead>
<tr>
<th>Internet technology use for retail activities in Kenya</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce is widely used in our supermarket</td>
<td>29.3</td>
<td>35.9</td>
<td>18.5</td>
<td>8.7</td>
<td>7.6</td>
<td>2.293</td>
<td>0.174</td>
</tr>
<tr>
<td>Our E-Retail provides customers with various self-service and delivery options</td>
<td>31.5</td>
<td>39.1</td>
<td>15.2</td>
<td>5.4</td>
<td>8.7</td>
<td>2.207</td>
<td>0.214</td>
</tr>
</tbody>
</table>

The study sought to establish the respondents level of agreement with the statement relating to internet technology use for retail activities in Kenya. The study observed that majority of
the respondent disagreed that E-Retail provides customers with various self-service and delivery options as shown by mean of 2.207 and E-Commerce is widely used in our supermarket as shown by mean of 2.293.

4.5 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

Table 4.9: Kenyan supermarkets view of E-Commerce as an Alternative Trading Platform

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>32</td>
<td>40.0</td>
</tr>
<tr>
<td>Great extent</td>
<td>37</td>
<td>46.2</td>
</tr>
<tr>
<td>Neutral extent</td>
<td>11</td>
<td>13.8</td>
</tr>
<tr>
<td>Less extent</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The study sought to establish the extent to which Kenyan supermarkets view E-Commerce as an alternative trading platform for Kenyan supermarkets. From the study findings, majority of the respondents as shown by 46.2 percent agreed that Kenyan supermarkets view E-Commerce as an alternative trading platform to a great extent, 40 percent agreed that Kenyan supermarkets view E-Commerce as an alternative trading platform to a very great extent and 13.8 percent were neutral in agreeing that Kenyan supermarkets view E-Commerce as an alternative trading platform in Kenyan supermarkets.
Table 4.10: E-Commerce Adoption and Competition

<table>
<thead>
<tr>
<th>E-Commerce Adoption and Competition</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>mean</th>
<th>standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition from other supermarkets influences the adoption of new technologies in E-Commerce</td>
<td>7.6</td>
<td>14.1</td>
<td>13.0</td>
<td>34.8</td>
<td>30.4</td>
<td>3.663</td>
<td>0.672</td>
</tr>
<tr>
<td>Degree of adoption of E-Commerce policy influences the intensity of competition.</td>
<td>9.8</td>
<td>10.9</td>
<td>8.7</td>
<td>32.6</td>
<td>38.0</td>
<td>3.783</td>
<td>0.804</td>
</tr>
<tr>
<td>E-Commerce provides our supermarket with opportunities to participate in new supply chains and markets that we may compete</td>
<td>19.6</td>
<td>38.0</td>
<td>10.9</td>
<td>10.9</td>
<td>20.7</td>
<td>2.150</td>
<td>0.341</td>
</tr>
<tr>
<td>In our supermarket, we experience explicit and implicit pressures from leading supermarkets to maintain existing channel structures.</td>
<td>5.4</td>
<td>10.9</td>
<td>14.1</td>
<td>31.5</td>
<td>38.0</td>
<td>3.859</td>
<td>0.784</td>
</tr>
<tr>
<td>Competition authorities need to monitor possible anti-competitive behavior as the electronic marketplace evolves</td>
<td>3.3</td>
<td>5.4</td>
<td>19.6</td>
<td>31.5</td>
<td>40.2</td>
<td>4.000</td>
<td>0.835</td>
</tr>
</tbody>
</table>

On the respondents’ level of agreement on the statement relating to E-Commerce adoption and competition in Kenyan supermarkets the study observed as detailed. The study established that most of the respondents agreed that competition from other supermarkets influences the adoption of new technologies in E-Commerce as shown by mean of 3.663, degree of adoption of E-Commerce policy influences the intensity of competition as shown by mean of 3.783, that their supermarkets experience explicit and implicit pressures from leading supermarkets to maintain existing channel structures as shown by mean of 3.859 and competition authorities need to monitor possible anti-competitive behavior as the electronic marketplace evolves as shown by mean of 4.000. Respondents disagreed that internet commerce provides supermarkets with opportunities to participate in new supply chains and existing markets as shown by mean of 2.150.
Table 4.11: E-Commerce Adoption and Its Influence on Business Performance

<table>
<thead>
<tr>
<th>E-Commerce adoption and its influence on business performance</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce adoption in our supermarket has led to the expansion of our marketplace to national markets</td>
<td>31.5</td>
<td>35.9</td>
<td>16.3</td>
<td>9.8</td>
<td>6.5</td>
<td>2.239</td>
<td>0.166</td>
</tr>
<tr>
<td>E-Commerce in our supermarket has helped locate more customers.</td>
<td>26.1</td>
<td>39.1</td>
<td>18.5</td>
<td>12.0</td>
<td>4.3</td>
<td>2.293</td>
<td>0.230</td>
</tr>
<tr>
<td>E-Commerce in our supermarket enables us to have the best suppliers.</td>
<td>30.4</td>
<td>35.9</td>
<td>17.4</td>
<td>7.6</td>
<td>8.7</td>
<td>2.283</td>
<td>0.173</td>
</tr>
<tr>
<td>With E-Commerce in our supermarket buyers can access information instantly, and even virtually test the product.</td>
<td>30.4</td>
<td>42.4</td>
<td>17.4</td>
<td>4.3</td>
<td>5.4</td>
<td>2.120</td>
<td>0.269</td>
</tr>
<tr>
<td>E-Commerce has enabled our supermarket to expand our product line</td>
<td>29.3</td>
<td>43.5</td>
<td>18.5</td>
<td>3.3</td>
<td>5.4</td>
<td>2.120</td>
<td>0.292</td>
</tr>
</tbody>
</table>

From the finding on the respondent level of agreement with the statement relating to E-Commerce adoption and its influence on business performance. The study revealed that majority of the respondent disagreed that E-Commerce has enabled supermarkets expand product lines, access information instantly and even virtually tests the product as shown by mean of 2.120 in each case. They also disagreed that E-Commerce adoption in supermarket has led to the expansion of their current marketplace to national markets as shown by mean of 2.239, enabled sourcing of the best suppliers as shown by mean of 2.283 and that E-Commerce in supermarkets has helped locate more customers as shown by mean of 2.293.
Table 4.12: E-Commerce and Business Strategy

<table>
<thead>
<tr>
<th>E-Commerce and Business Strategy</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our supermarket offers value propositions that are appealing to customer unique needs</td>
<td>7.6</td>
<td>9.8</td>
<td>14.1</td>
<td>42.4</td>
<td>26.1</td>
<td>3.696</td>
<td>0.719</td>
</tr>
<tr>
<td>Our supermarket demonstrates interest, listening and understanding of a customer</td>
<td>9.8</td>
<td>8.7</td>
<td>15.2</td>
<td>32.6</td>
<td>33.7</td>
<td>3.717</td>
<td>0.711</td>
</tr>
<tr>
<td>Our supermarket leverages customer information for the effective management of customer relationships on the Internet</td>
<td>28.3</td>
<td>31.5</td>
<td>13.0</td>
<td>10.9</td>
<td>16.3</td>
<td>2.154</td>
<td>0.212</td>
</tr>
</tbody>
</table>

From the findings on the respondents’ level of agreement on E-Commerce has enabled our supermarket expand our product line, the study found that majority of the respondents agreed that their supermarket offers value propositions that are appealing to customer unique needs as shown by mean 3.696 and their supermarkets demonstrate interest, listening and understanding of a customer as shown by mean of 3.717. However, respondents disagreed that their supermarkets leverage customer information for the effective management of customer relationships on the internet as shown by mean of 2.154.

4.6 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions.

Table 4.13: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.874(^a)</td>
<td>.764</td>
<td>.731</td>
<td>.12225</td>
</tr>
</tbody>
</table>

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table
below, the value of adjusted R squared was 0.731 an indication that there was variation of 73.1% on the application of E-Commerce in supermarkets due to changes in E-Commerce processes, efficiency of E-Commerce and its use as an alternative trading platform at 95% confidence interval. This shows that a 73.1% change in the application of E-Commerce by supermarkets could be accounted for by changes in E-Commerce processes, efficiency of E-Commerce and the use of E-Commerce as an alternative trading platform. R is the correlation coefficient which shows the relationship between the study variables. Notably, from the findings shown in the table below, there was a strong positive relationship between the study variables as shown by 0.874.

Table 4.14: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Regression</td>
<td>1.116</td>
<td>3</td>
<td>0.372</td>
<td>3.131</td>
<td>.048</td>
</tr>
<tr>
<td>Residual</td>
<td>25.004</td>
<td>76</td>
<td>0.329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.120</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the ANOVA statistics in the table below, the processed data, which is the population parameters, had a significance level of 0%. A significance level of 0%, as illustrated, shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. The F calculated value was greater than the F critical value (3.131>1.9861) an indication that there was a significant difference between E-Commerce application in supermarkets and E-Commerce processes, efficiency of E-Commerce processes and the use of E-Commerce as an alternative trading platform. The significance value was less than 0.05 indicating goodness of fit of the model.

Table 4.15: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.878</td>
<td>0.357</td>
<td></td>
<td>2.459</td>
</tr>
<tr>
<td>E-Commerce processes</td>
<td>.305</td>
<td>0.097</td>
<td>.402</td>
<td>3.144</td>
</tr>
<tr>
<td>Efficiency of E-Commerce</td>
<td>.245</td>
<td>0.078</td>
<td>.182</td>
<td>3.141</td>
</tr>
<tr>
<td>Alternative Trading Platform</td>
<td>.158</td>
<td>0.054</td>
<td>.183</td>
<td>2.926</td>
</tr>
</tbody>
</table>
The established regression equation was;

\[ Y = 0.878 + 0.305 X_1 + 0.245 X_2 + 0.158 X_3 \]

From the above regression equation, it was revealed that E-Commerce processes, efficiency of E-Commerce and its use as an alternative trading platform to a constant zero, E-Commerce applications in supermarkets would stand at 0.878. Therefore, a unit increase in E-Commerce processes would lead to an increase in E-Commerce applications in supermarkets by a factor of 0.305, a unit increase in efficiency of E-Commerce would lead to increase in E-Commerce applications in supermarkets by a factor of 0.245. A unit increase in alternative trading platform would lead to an increase in E-Commerce application in supermarkets by a factor of 0.158. The study further revealed that E-Commerce processes, efficiency of E-Commerce and use as an alternative trading platform were statistically significant affecting E-Commerce applications in supermarkets, as all the p values (sig) were less than 0.05. The study also found that there was a positive relationship between E-Commerce application in supermarkets and E-Commerce processes, efficiency of E-Commerce and its use as an alternative trading platform.

4.7 Chapter Summary

Chapter four has mainly described the research findings of the survey that sought to investigate the impact of E-Commerce on Kenyan Supermarkets. The study established E-Commerce processes, efficiency of E-Commerce and alternative trading platform were statistically significant affecting E-Commerce applications in supermarkets. The study also found that there was a positive relationship between E-Commerce applications in supermarkets and E-Commerce processes, efficiency of E-Commerce and alternative trading platform. The next chapter will be the discussion, conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made thereto. The conclusions and recommendations drawn were focused on addressing the objective of the study. The researcher had intended to investigate the impact of E-Commerce on Kenyan Supermarkets, to establish whether E-Commerce processes affect the use of E-Commerce applications in selected retail businesses, to critically examine the effect of efficiency of E-Commerce on the use of E-Commerce applications in Kenyan retail businesses and to discuss Kenyan supermarkets’ view E-Commerce as an alternative trading platform.

5.2 Summary of Findings

The general objective of the study was to investigate the impact of E-Commerce on Kenyan Supermarkets. The researcher used a survey approach which was conducted using a structured questionnaire.

The study revealed that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. The study found that respondents disagreed that supermarket E-Retail business provides customers with various self-service and delivery options and that supermarket E-Retail shortens transaction time which improves customer service and E-Commerce offers our supermarket closer relationship with the customers.

The study found that efficiency of E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. Respondent disagreed that supermarket converts browsers into loyal customers, E-Retail enables delivery of promotional offers, their supermarket E-Retailer has led to increasingly customizing products and offering them on a mass-market and E-Commerce in their supermarket provides information on what the customer needs are.

Notably, the study observed that Kenyan Supermarkets’ view of E-Commerce process influences E-Commerce applications as an alternative trading platform. The study established that competition from other supermarkets influences the adoption of new technologies in E-
Commerce, degree of adoption of E-Commerce policy influences the intensity of competition amongst supermarkets and that there are explicit and implicit pressures from leading supermarkets to maintain existing channel structures.

5.3 Discussions

5.3.1 Effect of E-Commerce Process on E-Commerce Applications

The study revealed that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. a more virtual form of business may result, mixing traditional ways of working with electronic communications (Jackson & Hams, 2012). On the effect of E-Retail opportunities on E-Commerce applications, the study revealed that respondents disagreed that supermarket E-Retail business provides customers with various self-service and delivery options, their supermarket enjoys much lower overheads than our traditional retail counterparts, supermarket E-Retail shortens transaction time which improves customer service and E-Commerce offers our supermarket closer relationship with the customers. These findings were found to be inconsistent with those of Berry (2011) who reported that in moving to E-Commerce, businesses must first identify the potential customers interested in working with that technology.

Although technically a company website in principle has the capacity to serve an unlimited number of users, not everyone will be attracted. Strategically, it is important to identify the specific market segment that the website will attract and can be directed to serve its customers. The introduction of E-Commerce has offered numerous opportunities to businesses, including reduced costs, closer relationships with customers, increased profit and customer loyalty. At a very fundamental level, businesses operating via the Internet usually enjoy much lower overheads than their traditional retail counterparts (Liu & Amett, 2010). According to Windham and Orton (2010) a number of measurable elements that relate to achieving higher profitability via customer retention include: Base revenue, Growth, Referral and Price premium. The customer also refers potential customers or associates to preferred retailer, eliminating the cost of acquiring those customers (Reichheld & Schefter, 2010).

On E-Retail challenges to retailers, the study established that their supermarket has not fully moved to E-Retail business, it was not the main focus for supermarket in embracing E-Retail and there is no order through E-Retail and the stock is always available and their systems does not suffer long upload sessions and payment difficult times as most of these supermarket had not adopted E-Retail system. Mellahi and Johnson (2010) stated that in this pattern of
evolving experience, it becomes clear that the emergence of E-Commerce dramatically raises
the significance of competition between businesses, and forces businesses to adapt
continuously to new market situations. Stroud (2012) further explains that effective E-Retail
business solutions demand integrated front and back end systems. This means that when
customers interact via the Internet, placing orders and purchasing goods, the stock control
and financial systems also need to "speak the same language" and carry out their part of the
transaction processing.

From the findings pertaining E-Retail challenges to e-customers, the study observed that
respondents disagreed that supermarket always delivers on time, their customers are clear and
determined while purchasing their choice products, customers are reluctant to provide their
personal information on the internet and supermarket delivers quality goods to the customers.
The study findings disagreed with finding of La and Kandarnpully (2012) who states that the
growth of E-Commerce has attracted considerable recent attention within all business
spheres. Increasingly, traditional retail businesses have also begun to utilize the opportunities
offered by trading activities through the Internet.

5.3.2 **Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications**

The study found that efficiency of E-Commerce process influence E-Commerce applications
in Kenyan supermarkets to a great extent. Customers will no longer be treated as segments
but as unique individuals. The objective of the E-Retailers is to convert browsers into loyal
customers. This is evident in Peapod.com, an E-Retail supermarket and Tesco (Walsh &
Godfrey, 2010). According to Buderi (2015), the retailer offers a number of further
segmentations, or clubs - World of Wine, Baby and Toddler, that customers choose to join,
and which enable even more precise delivery of promotional offers. Walsh and Godfrey
(2010) argues that E-Commerce also offers E-Retailers the opportunity to operate their
business round the clock and round the globe. The shop is always open and in most cases, a
virtual shop assistant, the help desks or customer service personnel are ready help.

On the E-Commerce and service quality, the study revealed that respondents disagreed that
supermarket converts browsers into loyal customers, E-Retail enables delivery of
promotional offers, their supermarket E-Retailer has led to increasingly customizing products
and offering them on a mass-market and E-Commerce in their supermarket provides
information on what the customer needs are. These findings were found to be inconsistent
with those of Buderi, (2015) who states that indeed, dot-com upstarts such as Net grocer, Peapod and Webvan, all of which delivered goods ordered on the Internet to e-customers' doors aimed to put a serious hurt on their traditional shop counterparts, not to work with them. Walsh and Godfrey (2010) are probably the ultimate in personalized service and can command a price premium. They custom-built each computer so that rarely do two computers leave the factory with exactly the same configuration (Burt & Sparks, 2013).

From the finding on E-Retailing and customer loyalty, the study established that respondents disagreed that supermarkets E-Retail systems are effective in providing quality service during and after purchase, their supermarket involves the customers in updating the E-Retail and that E-Retail meets our customers demand. Building customer loyalty is vital to the success of the E-Retailer because, without loyal customers, even the most effective business model will fail, and the business will eventually try to satisfy the whims of only price-sensitive customers (Reichheld & Schefter, 2010). Reichheld and Schefter (2010) explain that attracting and retaining a larger number of customers requires E-Retailers to remain devotedly customer centric, as e-customers continue to demand more from their Internet experiences and have many more opportunities to migrate to other sources of supply, based upon easily available price comparison information.

However, on internet technology use for retail activities in Kenya, it was established that E-Retail does not provide customers with various self-service and delivery options and E-Commerce is not widely used in supermarkets. These findings were inconsistent with findings of South African Department of Trade & Industry, (2012) which states that the use of electronic ordering and processing in particular can significantly reduce costs by enabling continuous stock tracking, eliminating processing errors, reducing headcount and reducing lead-times and stock holding costs. Customer loyalty is essential for all businesses, especially for E-Commerce ventures that seek to strengthen their brand image (Barton, 2013). Gosh (2013) predicted that competitive pressures of new electronic markets in improving customer loyalty, and meeting up with customers' demand would force businesses to join the market, irrespective of their willingness to do so.

5.3.3 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

The study found that Kenyan Supermarkets view of E-Commerce process influence E-Commerce applications in Kenyan supermarkets. On E-Commerce adoption and competition in Kenyan supermarket. As E-Commerce technologies moves fast, it is important for
businesses to take decisions that are both fast and right and choose a sustainable approach that fits into their business activities (Foster & Cadogan, 2010). Any technology qualifies as long as it supports the core business activities at different levels. Not only can their technologies speed up certain processes that hinge on the processing or dissemination of information, they also permit certain activities to be restructured and re-engineered, or carried out at reduced cost, or with improved accuracy and reliability. Hence this will be a foundation for building customer loyalty and may lead to repeat patronage (Foster & Cadogan, 2010).

The study noted that competition from other supermarkets influences the adoption of new technologies in E-Commerce, degree of adoption of E-Commerce policy influences the intensity of competition, their supermarket, they experience explicit and implicit pressures from leading supermarkets to maintain existing channel structures and competition authorities need to monitor possible anti-competitive behavior as the electronic marketplace evolves. The study findings were observed to be in consistent with those of Foster and Cadogan, (2010) who states that as E-Commerce technologies moves fast, it is important for businesses to take decisions that are both fast and right as well as choose a sustainable approach that fits into their business activities. No single technology covers all possible E-Commerce applications.

From the findings on the influence of E-Commerce adoption on business performance, the study found that respondents disagreed that E-Commerce has enabled supermarkets expand their product lines, access product information instantly and even virtually test the product. Moreover, E-Commerce adoption in supermarkets has led to the expansion of marketplaces to national markets, E-Commerce in supermarkets enables us to have the best suppliers and locate more customers. On whether E-Commerce has enabled supermarket expand their product lines, respondents agreed that their supermarket offers value propositions that are appealing to customer unique needs as their supermarkets demonstrates interest, listening and understanding of a customer. Thong (2013) found out that competition influences the adoption of new technologies or E-Commerce very little in small enterprises, while Premkumar and Roberts (2013) findings were contrary; that the pressure of competition is a factor that influences adoption.

Respondents disagreed that supermarket leverages customer information for the effective management of customer relationships on the internet. These study findings contradicted the findings of South Africa Department of Trade & Industry, (2012) which states that with the
variations in technical and telecommunications infrastructure in developing countries, such research includes the use of the Internet and websites powered by computers, but also the use of mobile phones (sometimes used in what is referred to as m-commerce), voice-over-IP, and even computer applications with no telecommunications component. All these forms of telecommunication infrastructure can and are being used in innovative ways by businesses to improve service offering, attract and retain customer.

5.4 Conclusion

5.4.1 Effect of E-Commerce Process on E-Commerce Applications

The study revealed that E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. Respondents disagreed that supermarket E-Retail business provides customers with various self-service and delivery options and that supermarket E-Retail shortens transaction time which improves customer service. It also disagreed to fostering a closer relationship between customers and supermarkets. The study established that supermarkets have not fully moved to E-Retail business and while this was not the main focus for supermarkets in embracing E-Retail, there are no orders done through E-Retail. Therefore, the stock is not always available and their systems does suffer long upload sessions and payment difficult times as most of these supermarket have not adopted E-Retail system.

5.4.2 Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications

The study observed that efficiency of E-Commerce process influence E-Commerce applications in Kenyan supermarkets to a great extent. Respondents disagreed that supermarket converts browsers into loyal customers, E-Retail enables delivery of promotional offers, their supermarket E-Retailer has led to increasingly customizing products and offering them on a mass-market and E-Commerce in their supermarket provides information on what the customer needs are. It was established that E-Retail does not provides customers with various self-service and delivery options and E-Commerce is not widely used in our supermarket.

5.4.3 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

The study found that Kenyan Supermarkets do not view E-Commerce process influencing E-Commerce applications as an alternative trading platform. The study found that competition
from other supermarkets influences the adoption of new technologies in E-Commerce, degree of adoption of E-Commerce policy influences the intensity of competition and that their supermarkets experience explicit and implicit pressures from leading supermarkets to maintain existing channel structures. In addition, competition authorities need to monitor possible anti-competitive behavior as the electronic marketplace evolves.

5.5 Recommendations

5.5.1 Recommendation of the Study

5.5.1.1 Effect of E-Commerce Process on E-Commerce Applications

The study recommends that management of Kenya supermarket should adopt E-Commerce and use it E-Retailing service as it will help in shortening transaction time which improves customer service.

5.5.1.2 Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications

There is need for the Kenyan supermarket to embrace E-Retail, as it will boost the number of customers in their supermarkets enabling them deliver quality goods to the customers, which will enhance customer loyalty.

5.5.1.3 Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

The study recommends that formulation of a good policy framework is fundamental to act as a guide in the implementation of E-Commerce in supermarkets and the retail business at large.

5.5.2 Recommendations for Further Research

The study sought to determine the the impact of E-Commerce on Kenyan Supermarkets. To this end, the study recommends a research to be carried out on factors influencing E-Commerce adoption among Kenyan supermarkets.
REFERENCES


APPENDICES

Appendix I: Questionnaire

This questionnaire is divided into four sections. Section A will be used to obtain general information about the respondent. Section B will be used to obtain information on the extent E-Commerce process influences E-Commerce applications in the supermarket you work in. Section C will be used to generate information on the extent to which the efficiency of E-Commerce influences E-Commerce applications in Kenyan the supermarket you work. Section D will be used to obtain information on the extent the supermarket you work in views the effect of E-Commerce on E-Commerce applications.

NB: The information obtained will be strictly treated in confidence.

Your assistance in completing this questionnaire will be highly appreciated.

Section A: Demographic Data

1. What is your gender?
   Male ( ) Female ( )

2. How long have you worked in this supermarket?
   Less than 5 years ( ) between 6 to 10 years ( )
   Between 11 to 15 years ( ) between 16 to 20 years ( )
   Above 20 years ( )

3. What is your highest level of education?
   PhD ( ) Masters ( ) Bachelors ( )
   Higher Diploma ( ) Diploma ( ) Certificate ( )
   Other, please specify: _____________________

4. How long have you been in the current position?
   Less than 5 years ( ) between 6 to 10 years ( )
   Between 11 to 15 years ( ) between 16 to 20 years ( )
   Above 20 years ( )

Section B: E-Commerce Process

5. To what extent does E-Commerce process influence E-Commerce applications in Kenyan supermarkets?
   Very great extent ( )
   Great extent ( )
The following statements reflect effects of E-Commerce process influence E-Commerce applications in Kenyan supermarkets.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E-Retail opportunities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>E-Commerce offers our supermarket closer relationship with the customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Our supermarket enjoys much lower overheads than our traditional retail counterparts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>In our supermarket E-Retail business provides customers with various self-service and delivery options.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>In our supermarket E-Retail shortens transaction time which improves customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Retail Challenges to Retailers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Our supermarket has not fully moved to E-Retail business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>In our supermarket when customers’ orders through E-Retail, the stock is always available.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Our main focus in our supermarket in embracing E-Retail is the customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Our systems suffer long upload sessions and payment difficult times.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Retail Challenges to E-Customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Our customers are clear and determined while purchasing their choice products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Our supermarket always delivers on time.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Our supermarket delivers quality goods to the customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Customers are reluctant to provide their personal information on the internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18. How else does E-Commerce process influence E-Commerce applications in Kenyan supermarkets?

Section C: Effect of Efficiency on the Use of E-Commerce Applications

19. To what extent does efficiency of E-Commerce influence E-Commerce applications in Kenyan supermarkets?

<table>
<thead>
<tr>
<th></th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Neutral extent</th>
<th>Less extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
</tbody>
</table>

The following statements reflect effects efficiency of E-Commerce on E-Commerce applications in Kenyan supermarkets.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E-Commerce and Service Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. E-Commerce in our supermarket provides information on what the customer needs are</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Our supermarket converts browsers into loyal customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. E-Retail provides enables delivery of promotional offers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. In our supermarket E-Retail has led to increasingly customizing products and offering them on a mass-market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Retailing and Customer Loyalty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Our E-Retail meets our customers demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Our supermarket involves the customers in updating the E-Retail</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Our supermarkets E-Retail systems are effective in providing service quality during and after purchase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Internet technology use for retail activities in
Kenya

27. E-Commerce is limited in our supermarket

28. E-Retailers have a bad press.

29. Indicate other ways through which efficiency of E-Commerce affects E-Commerce applications in Kenyan supermarkets?

   ………………………………………………………………………………………………. 
   ………………………………………………………………………………………………. 
   ………………………………………………………………………………………………. 

Section D: Kenyan Supermarkets View of E-Commerce as an Alternative Trading Platform

30. To what extent does Kenyan supermarkets view of E-Commerce affect E-Commerce applications in Kenyan supermarkets?

   Very great extent ( )
   Great extent ( )
   Neutral extent ( )
   Less extent ( )
   Not at all ( )

The following statements reflect effects of Kenyan supermarkets view of E-Commerce on E-Commerce applications in Kenyan supermarkets.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce Adoption and Competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Competition from other supermarkets influences the adoption of new technologies in E-Commerce</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32. Degree of adoption of E-Commerce policy influences the intensity of competition.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33. E-Commerce provides our supermarket with opportunities to participate in new supply chains and markets that we may compete</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34. In our supermarket we experience explicit and implicit pressures from leading supermarkets to maintain existing channel structures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35. Competition authorities need to monitor possible anti-competitive behaviour as the electronic marketplace evolves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Commerce Adoption and Its Influence on Business Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36. E-Commerce adoption in our supermarket has led to the expansion of our marketplace to national markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37. E-Commerce in our supermarket has helped locate more customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38. E-Commerce in our supermarket enables to have the best suppliers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39. With E-Commerce in our supermarket buyers can access information instantly, and even virtually test the product,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40. E-Commerce has enabled our supermarket expand our product line</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Commerce and Business Strategy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41. Our supermarket offers value propositions that are appealing to customer unique needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42. Our supermarket demonstrates interest, listening and understanding a customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43. Our supermarket leverages customer information for the effective management of customer relationships on the internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

44. Indicate other ways through Kenyan supermarkets view of E-Commerce influence E-Commerce applications in Kenyan supermarkets?

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

**Thank you for your time.**
Appendix II: List of Supermarkets in Nairobi Kenya

1. Chandarana Supermarkets
2. Cleanshelf Supermarkets
3. Daily Basket supermarket
4. Eastmatt Supermarkets
5. Eagles Supermarket
6. Easy Mart Supermarket Ltd
7. Ebrahim & Co Ltd Supermarket
8. Esajo Supermarket
9. Fair Price Supermarket
10. Fairdeal Shop & Save Ltd
11. Fairlane Supermarkets Ltd
12. Foodies Supermarket
13. Fourty Six Supermarket
14. Galmart Supermarket
15. G-Mart Supermarkets
16. Home Choice Supermarket Ltd
17. Home Depo Supermarket
18. Homecare Enterprises Ltd
19. Homechoice Supermarket
20. Janamu Supermarket
21. Jeska Supermarket Ltd
22. Jopampa Provision Store
23. Jokies Super Market
24. Jossics Supermarket
25. Jaharis Supermarkets
26. Kassmart Supermarkets
27. Kibao Supermarket
28. Leestar Supermarket
29. Lumumba Drive Supermarket
30. Mesora Supermarket Ltd
31. Midas Supermarket Ltd
32. Mumtaz Supermarket
33. Naivas Limited
34. Nakumatt
35. PakMatt Supermarket
36. Panje Supermarket
37. Quickmart Supermarkets
38. Rikana Supermarkets
39. StageMatt Supermarket
40. Seraben Supermarket
41. Skymart
42. Stop & Shop Supermarket
43. Sundus Supermarket
44. Tumaini Supermarkets
45. Tuskys
46. Uchumi Supermarkets
47. Ukwala Supermarkets
48. Uthiru Fair Price Supermarket
49. Venture Mini Supermarket
50. Waiyaki Way Supermarket

51. Wateule Supermarket

52. White Candle Supermarket

Source (Yellow Pages Kenya, 2015)