

Analysis of retailing of wines and spirits: a case of retail outlets in Nairobi: Eastlands

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Abstract:

The main purpose of this study was to investigate the status of wines and spirits business in retail outlets in Nairobi Eastlands. Retailers are expected to offer these products in small enough quantities for individual consumption. The producers pack most of these products in big pack sizes which are not popular with consumers resulting to low sales of wines and spirits in retail outlets. In an effort to increase sales volume of these products, different retailers employ different sales modes according to their type of outlet. The study was to establish the factors that influence the practical applicability of a particular sales mode in relating to the type of outlet. Before the products reach the final consumer, various intermediaries are involved but there is no clear definition of roles between and within the various intermediaries resulting to a sourcing problem. The study was to investigate the impact of this problem to the sales of wines and spirits in retail outlets. To achieve this goal, the study identified the various retail outlets. Stratified random sampling was used to bring together those outlets with the same characteristics. Primary source of data was used. The data was collected using a self-administered questionnaire which was supplemented by direct observation. In the study, there were three types of retail outlets which were serving consumers; wine shops, bars and restaurants and supermarkets. Wine shops were found to have an advantage over the others in that, most of them to sell at both wholesale and retail prices. They were therefore able to supply both consumers and other retailers. The results further revealed that, all retail outlets preferred selling in the original pack sizes from producers. Only 13.6% were making an attempt to sell in small bits. Most of the retail outlets were found charging exorbitant prices for these products. Given these facts, producers of wines and spirits need to be more aggressive in their marketing efforts to ensure there is a smooth flow of the products to the final consumer.