

Wharton faculty learns from Kenyan retail outlet

By [Carole Kimutai](#)

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As part of the 2011 Wharton Faculty International Seminars (FIS) programme, eight faculty members with a bias in marketing supply chain and information management studies were in Kenya to study operation at Nakumatt Holdings - a retail chain based in Kenya.

Globally, the Wharton Business School at the University of Pennsylvania is reputed as one of the best and most comprehensive source of business knowledge and education in the world.

The eight faculty members included: Jonah Berger, assistant professor of marketing; Martine Haas, associate professor of management; Shawndra Hill, assistant professor of operations and information management; and Steve Hoch, marketing professor.

Other faculty members included: Ziv Katalan, adjunct professor of operations and information management; David Reibstein, marketing professor; Kenneth Shropshire, legal studies and business ethics professor; and Harbir Singh, professor of management.

Untapped formal retail market in Africa

Speaking during the engagement session with the FIS 2011 members, Atul Shah, MD of Nakumatt reiterated the existence of a vastly untapped formal retail market in Africa. The growth of Nakumatt stores in East Africa, Shah disclosed, had been inspired by the growing demand for world class retail products and services.

"All Nakumatt outlets are modelled against global standards very much similar to those in Wal-Mart or even target stores in the US and are also patronized by discerning customers," Shah explained. He also said that Nakumatt Holdings has invested heavily in information technology systems to raise its operational efficiencies.

On his part, marketing professor Steve Hoch noted that Nakumatt Holdings had managed to impressively adopt an international retail operations model. "We live in a global village and adoption of sound business practices is the only survival hook African businesses can hope to clasp on as multinationals turn the focus on Africa and other emerging markets," Prof. Hoch reiterated.

Competition from Wal-Mart

While responding to Nakumatt Holdings position following the entry of Wal-Mart in South Africa, Shah noted that East

Africa would most certainly be the next most attractive investment destination for international retailers but assured that Nakumatt welcomes such competition.

"At Nakumatt Holdings, I am always reminding my colleagues that we need not worry about Wal-Mart's foray into Africa. Our constant worry however, should always be based on our corporate capacity to deliver value to our target customers in a better way than Wal-Mart will ever manage to do in this market," Shah said.

"This demands that we constantly review our service delivery standards and also ensure that we forecast demand points by signing up to be present in key locations and countries," he added.

With a population of more than 140 million people, the East Africa region still provides a vast retail market for formal retail traders. The current market has an opportunity to sustain at least 10 major retail stores in each town.

Future of retail

According to Shah, in the next ten years he forecasts that close to 25 million customers across the region will have access to formal retail trade facilities with monthly sales reaching the US\$700million mark and selling space reaching close to 40million sq feet up from 15million square feet today.

In East Africa, Nakumatt Holdings has 33 branches across the region employing more than 5 500 people.

ABOUT CAROLE KIMUTAI

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