

**CONSUMER PERCEPTIONS OF PRIVATE LABEL BRANDS: AN EASTERN CAPE
UNIVERSITY-AGED ANALYSIS**

BY

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ABSTRACT

This research investigates the consumer perceptions of private label brands amongst the university aged consumers from selected Eastern Cape universities. The research also aimed to ascertain whether or not generation Y consumers are aware of the existence of private labels, whether price, quality, advertising, packaging, reference groups and demographic variables influenced generation Y purchasing behavior of private label brands. To achieve these objectives, the research made use of the simple random technique to gather the primary data via the use of an online structured questionnaire. The sample population selected were the students in the Eastern Cape Province Universities (Rhodes and Nelson Mandela Metropolitan Universities) who reside off-campus. The assumption was that students who reside off-campus are more aware of private labels as they carry out shopping more than those that reside on campus and generally would have more disposable income and the reason that two different universities have been chosen is to provide a broad base of student opinions, covering varying cultural and income backgrounds, thus allowing for unbiased, valuable research. After pre-tests were conducted the questionnaire was made available online to ease the distribution of the questionnaire and allow for a greater response rate. Descriptive and inferential statistics were used to analyze the results of the questionnaire. The results showed that consumers are generally aware of private label brands and have at least seen them being advertised. Furthermore, the results showed that consumers purchase groceries based on price, quality and convenience of location of the grocery stores. The results indicate that Generation Y consumers are indeed a significant part of the consumer population and that they represent a confident, self-reliant, optimistic and positive generation and are verbally and visually more sophisticated, creating a whole new language through digital media and that Generation Y consumers are generally aware of the existence of private labels. The results also indicate that Generation Y consumers strongly agreed that they purchase groceries based on price and quality, meaning price and quality are very influential when purchasing groceries and that the packaging of, generally, all private label brands was not attractive hence a conclusion was made that packaging of private labeled products does not influence Generation Y's purchasing behaviour of private labels.

DECLARATION

I, the undersigned Bukhosi D Mpfu, hereby declare that the dissertation is my own original work and that it has not been submitted, and will not be presented, at any other University for a similar or any other degree award.

.....

Signature

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TABLE OF CONTENT

Chapter One: An Introduction to the research problem.....	1
1.1. Introduction and purpose of the study	2
1.2. Aim and objectives of the research.....	6
1.3. Research methods, procedures and techniques	7
1.4. Research Outline.....	8
Chapter one: An introduction to the research problem	8
Chapter two: Private label branding & Consumer behavior	9
Chapter three: Marketing in SA & the Generation y market segment.....	9
Chapter four: Demographic Variables	9
Chapter five: Research Methodology	9
Chapter six: Research Results	10
Chapter seven: Conclusions and recommendations.....	10
Chapter Two: Private Label Branding & Consumer Behaviour	11
2.1. Introduction	12
2.2. Brand	12
2.3. Branding	13
2.4. Private Labels	15
2.4.1. The Emergence of Private Labels	16
2.5. Consumer Behaviour	18
2.5.1. Consumer perceptions	19
2.6. Summary and conclusion	23
Chapter Three: Marketing in SA & the Generation Y market segment	24
3.1. Introduction	25
3.2. Marketing in South Africa.....	25
3.3. Generation Y market segment	27
3.4. Summary and Conclusions.....	30
Chapter Four: Demographic Variables	31

4.1. Introduction	32
4.2. Ethnicity	32
4.3. Gender	34
4.4. Age	35
4.5. Summary and Conclusion	36
Chapter Five: Research Design & Methodology.....	37
5.1. Introduction	38
5.2. Design and Structure of the Research Instrument	38
5.2.1. Background of the design of the questionnaire.....	38
5.2.2. Structure of the Research Instrument	39
5.2.3. Validity and Reliability of the Research Instrument.....	40
5.2.3.1. Validity of Research Instrument.....	40
5.2.3.2. Reliability of the Research Instrument	41
5.2.4. Measurement Scale	42
5.2.4.1. Interval Scale	42
5.3. Pilot Testing of Research Instrument	43
5.4. Phases in Sampling Design.....	44
5.4.1. Population and Target Population.....	44
5.4.2. Sampling Frame and Unit.....	44
5.4.3. Sampling and Sample Size	45
5.4.4. Sampling Method.....	47
5.4.5. Research Instrument Administration & Actual Size	48
5.4.6. Response Rate.....	49
5.5. Summary and Conclusions	49
Chapter Six: Data Analysis and Research Findings	50
6.1. Introduction	51
6.2. Discussion of the Empirical Results	51
6.2.1. Section A: Demographic Data).....	52

6.2.2. Section B: Overview of Retailers & Shopping Behaviour	53
6.2.3. Section C: Private Label Brands	64
6.2.4. Section D: Advertising and Promotions	74
6.3. Summary	80
Chapter Seven: Conclusions, Recommendations & Areas for Further Research	81
7.1. Introduction	82
7.2. Conclusions	82
7.3. Recommendations.....	84
7.4. Areas for Further Research.....	85
List of References	86
Appendices	94

LIST OF TABLES

Table 5.1: Summary of all the measurement scales.....	43
Table 5.2: Guidelines for Sampling.....	48
Table 6.1: Illustrating the biographical details of the sample population.....	52
Table 6.2: Showing the overall rankings of the advertising methods.....	79

LIST OF APPENDICES

Appendix 1: Question four: Gender Figures 6.3(d), 6.3(e) & 6.3(f).....	94
Appendix 2: Question four: Ethnicity Figures 6.4(d), 6.4(e) & 6.4(f).....	95-96
Appendix 3: Question five: Gender Figures 6.5(d), 6.5(e) & 6.5(f).....	97-98
Appendix 4: Question five: Ethnicity Figures 6.6(d), 6.6(e) & 6.6(f).....	99
Appendix 5: Question Ten: Gender Figures 6.11(d) & 6.12(e).....	100
Appendix 6: Question Ten: Ethnicity Figures 6.12(d) & 6.12(e).....	101
Appendix 7: Question Eleven: Gender Figures 6.13(d) & 6.13(e).....	102
Appendix 8: Question Eleven: Ethnicity Figures 6.14(d) & 6.14(e).....	103
Appendix 9: Questionnaire.....	104-110
Appendix 10: Letter of consent.....	111-112
Appendix 11: Letter from Language Editor.....	113

LIST OF FIGURES

Figure 5.1: Illustration of a Five-point Likert scale.....	42
Figure 5.2: Phases in selecting a sample.....	46
Figure 6.1: Showing regularly used supermarkets.....	54
Figure 6.2: Showing how often consumers buy groceries.....	55
Figure 6.3a, 6.3b & 6.3c: Showing importance of price, quality and location.....	57
Figure 6.4a, 6.4b & 6.4c: Showing consumer's responses on certain statements.....	58-59
Figure 6.5a, 6.5b & 6.5c: Showing the level of importance of certain attributes.....	60
Figure 6.6a, 6.6b & 6.6c: Showing importance of attributes across ethnicity.....	62-63
Figure 6.7: Showing whether or not specific brands are important to consume.....	64
Figure 6.8 Showing private label brands most known.....	65
Figure 6.9: Responses to whether consumers purchase private label products.....	66
Figure 6.10: Showing private label brands most purchased.....	67
Figures 6.11(a, b & c): Showing the rating of private label brands across gender.....	68-69
Figure 6.12 (a, b & c): Showing the rating of private label	70-71
Figure 6.13(a, b & c): Showing agreement or disagreement with statements.....	71-72
Figure 6.14 (a, b & c): Showing agreement or disagreement with statements.....	73-74
Figure 6.15: Showing if they have seen private labels being advertised.....	75
Figure 6.16: Showing what type of advertising it was.....	76
Figure 6.17: Showing the persuasion of the advert.....	77
Figure 6.18: Showing effective advertising/promotion methods.....	78

**CHAPTER ONE:
INTRODUCTION TO THE
RESEARCH PROBLEM**

1.1 INTRODUCTION and PURPOSE OF THE STUDY

Consumers play an important role in contributing towards the success and long term survival of South African organizations by purchasing products and/or services from the organization. Increased sales translate into increased profitability. It is for this reason and others that has made marketers and retailers alike to find ways of creating a competitive advantage specifically through the use of marketing¹ and marketing techniques (Stanton, Etzel and Walker, 1994). In an increasingly competitive environment organizations must be customer oriented and have the ability to understand what the customers want and need (Stanton *et al.*, 1994 and McNamara, 2009). Competition in the world is fierce and the world has become a global village and borders have become seamless (McNamara, 2009). This seamlessness of the borders has attracted investors to the lucrative South African market and marketers have been forced to rely on branding and brand differentiation as a strategy to gain and retain competitive advantage (McNamara, 2009). This study, therefore, lies within the sphere of marketing management, or more specifically the concept of branding.

Branding has received increased attention over the last few years due to organizations realising the associated benefits in attempting to achieve competitive advantage (Kotler, 2006). A brand is a distinguishing name and/or symbol intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors (Aaker, 1991; Stanton *et al.*, 1994 and Kotler and Armstrong, 2008). A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Giddy Advertising, 2009). There are different types of branding techniques as outlined by Kotler and Armstrong (2008). These include corporate branding, employee branding, culture branding, community branding, spirit branding co-branding and cause branding. For the purposes of this study, the focus will be on corporate branding.

Corporate branding deals with making the promise of quality products, service, and delivery to customers (Kotler and Armstrong, 2008). The intent is to attract new customers and create loyalty in past customers. Corporate branding has been around as long as competition between businesses has existed (Kotler and Armstrong, 2008). Corporate branding also

¹ Marketing is defined by Lamb, Hair, McDaniel, Boshoff and Terblanche, (2008:5) as the management process of identifying and satisfying consumer needs which leads to improved retention of customers, through an understanding of consumers buying behaviour.

involves what is known as private labels and private labelling². Previous studies by Guthrie and Hye-Shin, (2009) and Shamma and Hassan, (2009) have focused on the relationship between consumer involvement and brand perceptions and customer and non-customer perspectives for examining corporate reputation respectively, but this research will focus on perceptions of private label branding of selected grocery retail stores in Grahamstown.

Private label brands are not a completely new concept of brand differentiation³. In South Africa, retail shops such as Pick ‘n’ Pay, Shoprite and Checkers have adopted this concept. Other retail outlets in Europe and America have been using this concept of branding where the retailer can manufacture goods under its own label or outsource manufacture of store-brand items to multiple third parties often the same manufacturers that produce brand-labeled goods (Kelly-Holmes, 2005:32). Pick ‘n’ Pay, a retail store in South Africa has a range of private labels namely “Choice Brand”, “No Name Brand,” and “Foodhall Brand,” while on the other hand, rival retailers such as Checkers and Shoprite have also managed to create their own private labels namely Checkers House and Choice brand and Shoprite Ritebrand respectively (Pick ‘n’ Pay, 2009; Checkers, 2009, and Shoprite, 2009).

Private labels (also known as own brand, house brands or store brands) account for ‘one of every five items sold every day in South African supermarkets’ (Kelly-Holmes, 2005:32). The importance of private labels in frequently purchased consumer goods marketing has been clearly established over the past decade and have become an important contributor to retail differentiation and basis for building store loyalty. While central to the contemporary global economy and the reproduction of global production networks, private labels have more than a marginal influence on patterns of sales and production (Kelly-Holmes, 2005:34).

The growth in private labels has traditionally been attributed to two major causes. Firstly, retailers advertise the national brands (which attract people to the store) and sell private labels (which typically have lower variable cost and therefore potentially higher profit margins) to the price-sensitive segment (Hoch and Banerjee, 1993). Private label goods are perceived to be cheaper than national-brand goods because the retailer can optimise the production to suit consumer demand and reduce advertising costs (Hoch and Banerjee, 1993). In other words,

² Private label products or services are typically those manufactured or provided by one company for offer under another company's brand.

³ The brands want to remain differentiated from other brands by unique selling position of the brand.

retailers use private labels to compete profitably in the price-sensitive segment. Secondly, these products enable retailers to get better deals from manufacturers in the form of lower wholesale prices on national brands (Hoch and Banerjee, 1993). Private labels, particularly when they include the store name or logo in the brand or on the package, can be viewed as an extension of the brand name of the store itself. Private labels represent an extensive and highly complex umbrella branding strategy (Mills, 1995), hence retailers and consumers alike believe that “private label is a ‘brand’ like any other in the marketplace” (Private Label Manufacturers’ Association (PLMA), 1999). More importantly, retailers are viewing private label products as “an opportunity for building store image and differentiating their stores from competitors” (PLMA, 1999).

With the success of some private labels in the South African retail sector (e.g. Pick ‘n Pay, Shoprite, Spar and Checkers) strong retail brands have become the source of intense interest. It is, however, generally believed that when the South African financial system recovers from the global turmoil, consumers will go back to buying national brands (Kelly-Holmes, 2005:37). However, private label sales are growing faster than national brands and have achieved much higher levels of penetration compared with similar figures during the recession (Kelly-Holmes, 2005:37).

In previous research, Corstjens and Lal (2000) found that quality private labels played a role in store loyalty by increasing customers’ switching costs between stores. They found that shoppers, who were more loyal to the store, purchased a greater share of basket from that store’s own brands. Inertia is the key driver in their model—satisfaction with private labels leads to repeated purchase of that unique brand (Corstjens and Lal, 2000). This greater loyalty creates profitability for private labels even without the traditional assumption of higher margins. Extant research on private labels has generally focussed on consumers’ attitudes toward private labels in general and they have utilized behavioural data (Corstjens and Lal, 2000).

It is generally accepted that consumers hold different perceptions of individual retailers, in large part because retailers strategically position themselves differently in the minds of consumers (Louviere and Johnson, 1990). Gordon’s (1994) qualitative study of private labels found that there are no “generic” private labels, but rather, as different retailers occupy different positions in consumers’ retail configurations, consumers hold distinct beliefs about

competing private labels. Perceptions are defined as the act or faculty of apprehending by means of the senses or of the mind and cognition. Consumer perception therefore is viewed by Robinson (1994:3) as the understanding immediate or intuitive recognition or appreciation, as of moral, psychological, or aesthetic qualities of a brand, product or service. Sirohi, Maclaughlin and Wittink (1998) focused on creating a model of consumer perceptions and store loyalty intentions of a supermarket, while Guthrie and Kim (2009) focused on the relationship between consumer involvement and brand perceptions of female cosmetic consumers; however this study will focus on the perceptions of consumers on private labels.

It is fundamental that organisations, through the use of brands and branding as a means of gaining competitive advantage, should be aware of the dynamic consumer behaviours (Aaker, 1991). Consumer behavior⁴ blends elements from psychology, sociology, social, anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. Furthermore consumer behavior studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants (Paul, 1999:37). In analyzing consumer behavior, greater importance is placed on consumer retention, consumer perceptions, customer relationship management, personalization, customization and one-to-one marketing (Du Plessis, 2003:49). Previous researches by Essortment (2009) on consumer behavior have focused on brand loyalty's influence on the general consumers' behaviors while this research will focus specifically on Generation Y consumers.

Generation Y consumers constitute a broad category of consumers and various definitions of this category exist. A study conducted by Saatchi and Saatchi (The ClickZ Network, 1999: 1) described Generation Y as "those 78 million youths born between 1977 and 1999 and represents the first generation to grow up 'online'". Saatchi and Saatchi's key findings illustrate this group to be defined by the value of 'knowledge is power.' They represent a confident, self reliant, optimistic and positive generation and are verbally and visually more sophisticated (Schroer, 2009). Generation Y consumers are known as incredibly sophisticated, technology wise, immune to most traditional marketing and sales pitches as they not only grew up with it all, they have seen it all and been exposed to it all since early childhood (Schroer, 2009). They are much more racially and ethnically diverse and they are

⁴ Consumer behaviour is defined as the study of when, why, how, where and what people do or do not buy products (Paul, 1999:36).

much more segmented as an audience aided by the rapid expansion in TV channels, satellite radio and the internet and constitute about 30 per cent of the world market (Schroer, 2009), making them a very interesting group of consumers for research. Previous researches on this group by Noble, Haytko and Phillips, (2009) and Preston, (2008) have focused on what drives university-aged⁵ generation Y consumers and if brands appealed to generation Y consumers respectively. This research however, seeks to investigate the perceptions of students from Eastern Cape universities on private labels of selected grocery stores.

Furthermore, the research seeks to investigate the general perceptions of the generation Y consumers of these private label products of selected grocery retail stores. Consequently the purpose of this research is to ascertain if generation Y consumers purchase private label products because of their price, quality, packaging, advertising, awareness and positioning. Lastly, this research also seeks to determine whether age, gender and ethnicity (demographic variables) are influential as far as consumer perceptions of private labels are concerned. In this research, Generation Y consumers are given the term University-Aged consumers because they constitute the majority of university going consumers.

1.2 AIM AND OBJECTIVES OF THE RESEARCH

This research, primarily seeks to investigate the perceptions of Generation “Y” students in the Eastern Cape Province on selected grocery store’s private labels.

To achieve the primary aim of this research, the objectives of this research are to:

- investigate the role of selected grocery retail stores’ private labels on University-Aged consumers’ buying behaviour;
- determine whether generation Y consumers are aware of the existence private labels
- determine whether price of products influences generation Y consumer purchasing behaviour in as far as private labels are concerned
- determine whether quality influences generation Y consumer purchasing behaviour in as far as private labels of grocery stores are concerned
- determine whether the packaging of private labelled products influences generation Y consumer purchasing behaviour of private labels

⁵ University-aged generation Y consumers are those consumers who fall under the consumer classification of generation Y and are old enough to be in university (Noble, Haytko and Phillips, 2009).

- determine whether advertising of private labels is influential in generation Y consumer's purchasing behaviour
- determine the influence of reference groups on private label perceptions;
- determine if disposable income influences generation Y consumer's perceptions of private labels and
- determine if demographic variables influence generation Y consumers' perceptions of private labels.

1.3 RESEARCH METHODS, PROCEDURES AND TECHNIQUES

In order to investigate the perceptions of generation Y consumers of private labels of selected grocery stores, a positivist research approach will be followed (Remenyi, 1996: 11). Simple Random sampling technique will be used. In simple random sampling each individual is chosen randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process (McCullagh, 2007). An unbiased random selection of individuals is important as in the long run, the sample represents the population. The sample population selected is the students in the Eastern Cape Province Universities (Rhodes University and Nelson Mandela Metropolitan University) who reside off-campus. The assumption is that students who reside off-campus are more aware of private labels as they carry out shopping more than those that reside on campus and generally would have more disposable income and the reason that two different universities have been chosen is to provide a broad base of student opinions, covering varying cultural and income backgrounds, thus allowing for unbiased, valuable research.

Data will be gathered by means of an online structured questionnaire which has been adapted from previous research done by Collins-Dodd and Lindley, (2002). The questionnaire has been previously used in a South Africa hence it has been adapted to suit the South African context. The questionnaire will comprise of four sections. Section A provides an overview of retailers and shopping behaviour Section B will comprise of five-point likert type questions where respondents will be required to rate their responses where 1 is strongly disagree or very unimportant and 5 is strongly agree or very important on aspects pertaining to private labels and private labelled products. Section C comprises of questions that deal with

advertising and promotion of private label products. Section D comprises will comprise of demographic questions.

The questionnaire will be made available online after pre-tests (pilot study) have been conducted on a group that is not part of the main study to establish and assure validity and reliability of the instrument. This process is being used as it is easy to distribute and administer, as well as ensuring a high response rate (Collins and Hussey, 2003:155). The questionnaires will be available online to a sample population of 400 university students between the ages of 18 and 24 as they form part of the generation Y consumer group (200 from each university). The reason for this age limitation is that this group represents increased purchasing power as these young adults are earning far more than they ever did and are highly susceptible to high impact purchasing decisions. They are one of the hardest markets to target; a dynamic entity that is easily influenced and can quickly pledge allegiance to your brand - or your competitors (Floren, 2006:1).

Descriptive and inferential statistics will be used to analyze results of the questionnaire, in forms of tabulations, correlations, Chi-square analysis, to test for association between different elements, and statistical graphics (pie graphs, bar graphs, histograms and frequency distribution curves) (Statsoft, 2009).

This research will comply with all ethical research requirements of the Department of Management Research Ethics Committee. The respondents will be assured that ethical considerations, confidentiality and non-disclosure will be adhered to at all times. The data collected will only be used for research purposes.

1.4 RESEARCH OUTLINE

❖ CHAPTER ONE: AN INTRODUCTION TO THE RESEARCH PROBLEM

This chapter outlines the problem statement which is the foundation of the study. The significance of undertaking the study was highlighted in the chapter. The background to the study as well as the specific literature related to the study at hand is discussed. Furthermore, the problem statement, research objectives, and the proposed research methodology were highlighted in the chapter.

❖ CHAPTER TWO: PRIVATE LABEL BRANDING AND CONSUMER BEHAVIOUR

The focus of this chapter is on private label branding and consumer behavior. Brief introductory definitions of the terms are given and the emergence of branding and that of private labels is discussed. An in depth explanation of what consumer behavior entails and what different authors say about consumer behavior then follows. The chapter concludes by highlight the consumer behavior element of consumer perceptions. A conclusion is drawn from these marketing elements to conclude the chapter.

❖ CHAPTER THREE: MARKETING IN SOUTH AFRICA AND THE GENERATION Y MARKET SEGMENT

Chapter four focuses on the marketing issues in South Africa and the Generation Y market segment. It highlights how issues of social class have affected marketing strategies in South Africa and then it focuses on the Generation Y segment, particularly focusing on what constitutes the Generation Y consumer segment and then a conclusion on the chapter is highlighted drawing from the above.

❖ CHAPTER FOUR: DEMOGRAPHIC VARIABLES

Chapter five focuses on the demographic variables that impact on the purchasing behavior of consumers. Variables such as gender and age are particularly focused on in this chapter and a conclusion is drawn from the two demographic variables.

❖ CHAPTER FIVE: RESEARCH METHODOLOGY

This chapter focused on the study at hand in terms of the study area, the study unit and the population. The organisation and design of the questionnaire, the methods of data collection and data analysis were highlighted. The validity and reliability of the research instrument was also discussed. An examination of the applicable statistical tests for the gathered data, reliability and validity of the data as well as the limitations in the collection of the data is furthermore part of the chapter.

❖ **CHAPTER SIX: RESEARCH RESULTS**

The analysis and interpretation of data are presented in the chapter. These statistical procedures were used as follow-up analyses to the graphical analysis (bar charts and pie charts) provided in the chapter.

❖ **CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS**

The chapter incorporates the conclusions on the findings of the study. Recommendations to marketers on private labels were provided in the chapter. The limitations of the study were highlighted in the chapter. Finally, areas for further research in relation to private labels were highlighted.

**CHAPTER TWO:
PRIVATE LABEL BRANDING &
CONSUMER BEHAVIOUR**

2.1 INTRODUCTION

Branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of the most valuable intangible assets that firms have. Driven in part by this intense industry interest, academic researchers have explored a number of different brand-related topics in recent years, generating scores of papers, articles, research reports, and books. A brand is the identity of a specific product, service, or business. A brand can take many forms, including a name, sign, symbol, or slogan (Lindstrom, 2005:23).

The word 'brand' is derived from the Old Norse word *brandr*, which means to burn. Brands were, and still are, the means by which owners of cattle mark their animals as their own. From branding cattle and other livestock, early man moved on to brand all his other chattels- a potter identified his pots by putting his thumbprint into the wet clay at the bottom of the pot or by making some other form of mark such as a star, a cross or a circle (Stobart, 1994:1). The mark represented proof of origin of the product and was important information to purchasers who wanted to buy that particular potter's products. The potter, by identifying his products in this way, was able to provide his customers with a means of recognizing and specifying his products. In the same way, contemporary branding takes the same form. Product branding is a means of differentiating ones products from other competitors (Stobart, 1994:1; Lamb, *et al*, 2008:214).

2.2 BRAND

A brand is the personality of a product, service or company and how it relates to key constituencies: Customers, Staff, Partners, and Investors. Some people distinguish the psychological aspect of a brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. The psychological aspect, sometimes referred to as the brand image, is a symbolic construct created within the minds of people and consists of all the information and expectations associated with a product or service (Baskin, 2009:13).

People engaged in branding seek to develop or align the expectations behind the brand experience, creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique (Baskin, 2009:13). A brand is therefore one of the most valuable elements in an advertising theme, as it demonstrates what

the brand owner is able to offer in the marketplace. To succeed in branding organisations must understand the needs and wants of their customers and prospects and integrate their brand strategies at every point of public contact will help achieve this (Baskin, 2009:13). Brand resides within the hearts and minds of customers, clients, and prospects. It is the sum total of their experiences and perceptions, some of which marketers can influence, and some that they cannot (Keller and Lehmann, 2006:740).

2.3 BRANDING

Branding, according to De Chernatony (1998:157), also contributes significantly to customer retention. De Chernatony (1998:157) states that for any organisation to be able to retain its customers, a good and strong brand has to be in place. Customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship (De Chernatony, 1998:157; Pont and McQuilken, 2002:2902). A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace. Customer retention is more than giving the customer what they expect; it is about exceeding their expectations so that they become loyal advocates for your brand (De Chernatony, 1998:157).

Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy. The key differentiator in a competitive environment is more often than not the delivery of a consistently high standard of customer service. Previous research has established that the cost of recruiting a new customer is five times more than the cost of retaining an existing customer (Barsky, 1994; Reichheld and Sasser, 1990 all cited in Pont and Mcquilken, 2002). The efficiency argument is compelling since it has a direct impact on profitability; however, the logic of brand loyalty extends beyond efficiency and drives brand extension and market penetration strategies. Farquhar (1989: 24) suggests that the competitive advantage of firms with high brand equity includes: '... the opportunity against competitors' promotional pressures, and creation of barriers to competitive entry'.

The concept of 'loyalty', however, may not be an absolute in the way it manifests itself in consumer behaviour. McGoldrick and Andre (1997) state that the term 'loyalty', when used loosely, 'conjures up various notions of affection, fidelity or commitment'. A brand-loyal person may have a positive attitude towards a brand, buy a brand in preference to others within the market and have continued allegiance to a brand over long periods of time. It may be assumed that these must all be present for true loyalty to exist. The widely used definition of loyalty provided by Jacoby and Chestnut (1998) adopts this approach. Cited by East (1997: 31), Jacoby and Chestnut (1998) provided a conceptual definition of brand loyalty as: '... the biased behavioural response expressed over time, by some decision making unit with respect to one or more alternative brands which is a function of psychological processes'. Early work on brand loyalty failed to find any demographic correlates of brand loyalty (Cunningham, 1986; Frank, 1987).

Hammond, Ehrenberg and Goodhardt, (1998) found that demographic factors failed to discriminate between buyers of different brands within a category. Other studies have identified a relationship between age and the degree of brand loyalty. Jacoby and Chestnut (1998) identified six studies, including Day (1999), which indicated that older people were more brand loyal. More recent work by Uncles and Ehrenberg (2000), however, found similar purchasing habits among younger and older consumers. East, Harris, Willson, and Hammond (2005) identified a curvilinear relationship between age and loyalty that was mainly attributed to the fact that income is low among the young and the old. They also indicated that shoppers who are more concerned about price are less loyal, with high income groups being more loyal than low income groups. They further reported that, in the multiple regressions where income is represented, age is positively associated with loyalty, suggesting that older people are disposed to be loyal but the lack of money obliges them to seek bargains. These findings makes the research at hand more interesting in that the study seeks to establish the loyalty of university-aged consumers on private label brands

There are different types of branding techniques as outlined by Kotler and Armstrong, (2008). These include corporate branding, employee branding, culture branding, community branding, spirit branding co-branding and cause branding. This study focuses on corporate branding. Corporate branding is the practice of using a company's name as a product brand name. It is an attempt to leverage corporate brand equity to create product brand recognition. It is a type of family branding or umbrella brand. This strategy contrasts with individual

product branding, where each product has a unique brand name and the corporate name is not promoted to the consumer. Corporate branding can result in significant economies of scope since one advertising campaign can be used for several products. It also facilitates new product acceptance because potential buyers are already familiar with the name. However, this strategy may hinder the creation of distinct brand images or identities for different products: an overarching corporate brand reduces the ability to position a brand with an individual identity, and may conceal different products' unique characteristics (Kotler and Armstrong, 2008:48).

Corporate branding is not limited to a specific mark or name. Branding can incorporate multiple touch points. These touch points include; logo, customer service, treatment and training of employees, packaging, advertising, stationery, and quality of products and services. Any means by which the general public comes into contact with a specific brand constitutes a touch point that can affect perceptions of the corporate brand. Corporate branding also involves what is known as private labels and private labelling (Moser, 2003:28). The section below will focus on private labels and private labelling.

2.4 PRIVATE LABELS

In today's complex and turbulent business environment, competition is rife and businesses are consistently diversifying their product portfolios in an attempt to attract and retain customers. Business leaders, managers and marketers alike are looking for new ways to distinguish their products and services to achieve invaluable customer/brand loyalty (Jesselyn, 2006: 254). Furthermore, there has been an increase in consumer convergence; consumers have more control and are demanding more from their brands. Consumers play an important role in contributing towards the success and long term survival of South African organisations by purchasing products and/or services from the organisation. Increased sales translate into increased profitability. It is for this reason and others that has made marketers and retailers alike to find ways of creating a competitive advantage specifically through the use of marketing and marketing techniques such as private labels. Private label brands are not a completely new concept and have become an important contributor to retail differentiation and basis for building store loyalty. Private labels (also known as own brand, house brands or store brands) now account for "one of every five items sold every day in South African

supermarkets (Kelly-Holmes, 2005:32). The retailer can manufacture goods under its own label, re-brand private label goods, or outsource manufacture of store-brand items to multiple third parties often the same manufacturers that produce brand-labeled goods (Kelly-Holmes, 2005:33)

2.3.1 The emergence of private labels

Early advances within the sphere of marketing management can be attributed to well known writer, Drucker (1954, cited in McCole, 2004: 532) who stated that: "... marketing is the unique function of business... it is the whole business seen from the customer's point of view. Concern and responsibility for marketing must permeate all areas of the enterprise." Following this thought, Kotler and Levy (1950's and 1960's) broadened the marketing domain (McCole, 2004: 533) to include the symbolic aspects of products and the fact that 'people buy products not only for what they can do but also for what they mean.' This line of thought went forward to incorporate the notion of congruence between the lifestyle a consumer chose and the symbolic meaning of the product (quality, price, packaging). Although the debate slowed during the 1970's it was realized that much could be gained from inquiries into aesthetic, intangible and subjective aspects of consumption (Hirschman and Holbrook, 1982: 92). Marketers and retailers alike had to come up with the concept of private labels as means of differentiating their products from those of rival competitors.

While now central to the contemporary global economy and the reproduction of global production networks, it is only quite recently that private labels have been more than a marginal influence on patterns of sales and production (Kelly-Holmes, 2005:34). The growth in private labels has traditionally been attributed to two major causes. Firstly, retailers advertise the national brands (which attract people to the store) and sell private labels (which typically have lower variable cost and therefore potentially higher margins) to the price-sensitive segment (Hoch and Banerjee 1993). In other words, retailers use private labels to compete profitably in the price-sensitive segment. Secondly, these products enable retailers to get better deals from manufacturers in the form of lower wholesale prices on national brands (Hoch and Banerjee 1993). Private labels, particularly when they include the store name or logo in the brand or on the package, can be viewed as an extension of the brand name of the store itself. Private labels represent an extensive and highly complex umbrella branding strategy (Mills, 1995). According to Ho, (2010), in the Philippines, instead of sticking to the

brands that they have been used to buying all their lives, some consumers have chosen to change paths and try out supermarket “house” brands, or generic versions of various products sold under specific supermarket brands. Sales of supermarket house brands have increased by around 15 percent nationwide last year. The increase in sales volume of house brands shows that Filipino consumers are becoming wiser when it comes to choosing necessary household products. They have realised that they can derive the same value as popular brands with less cost through these house brands (Ho, 2010). The study at hand therefore, seeks to establish if university-aged consumers purchase private brands and if they do so, is it because they are affordable.

Collin-Dodd and Lindley, (2003) in their study found that store’s own brands (private labels) can provide important opportunities for retail differentiation if they are considered by consumers to be uniquely associated with store image. They carried out a survey of shoppers and measured their attitudes toward individual stores’ images and store brand perceptions, as well as their general attitudes toward store brands. In their study, they found out that a regression analysis demonstrates a positive relationship between consumers’ perceptions of individual store own brands and their associated store’s image dimensions and attitudes toward store brands in general.

Rijswijk and Frewer, (2008) in their research took an angle a bit different from that taken by Collin-Dodd and Lindley. They focused on the perceptions of consumers on food quality and safety, an aspect which this study will seek to explore but looking at private labelled product’s quality. Rijswijk and Frewer, (2008) in their research found that most consumers see food quality and food safety as interlinked concepts, which becomes evident in their partly overlapping definitions of the two concepts.

Consumers believe both food safety and quality are important to food in general, but pay relatively more attention to food quality when purchasing a product. Sirohi, McLaughlin and Wittink, (1998) carried out a study to find out consumer perceptions and store loyalty intentions for a supermarket retailer. They found out that slow growth and intense competition in retail markets in recent years increases the need for retailers to use strategies focused on retaining and attracting the right customers. They further found out that perceived value for money depends on perceived relative price and sales promotion perceptions and to a lesser extent on service quality and merchandise quality perceptions.

Store loyalty intentions, measured by intent to continue shopping, intent to increase purchases and intent to recommend the store depend on service quality and merchandise quality perceptions. Burton, Lichtenstein, Netemeyer and Garretson, (1998) carried out a study to measure consumer attitudes towards private label brands. They found out that there is a positive relationship between private label attitude and latent perceptual and sales promotion constructs.

It is fundamental that organisations, through the use of brands and branding as a means of gaining competitive advantage, should be aware of the dynamic consumer behaviours (Aaker, 1991). Consumer behaviour is referred to as the study of when, why, how, where and what people do or do not buy products. It blends elements from psychology, sociology, social, anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. Furthermore, it studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general (Du Plessis, 2003:23).

2.4 CONSUMER BEHAVIOUR

Marketers need to understand why consumers make the purchases that they make, what factors influence consumer purchases and the changing factors in the society. Consumer buying behaviour refers to the buying behaviour of the ultimate consumer. A firm needs to analyse buying behaviour for:

- Buyers' reactions to a firm's marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a Marketing Mix (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.

(Du Plessis, 2003:26)

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, consumer perceptions, customer relationship management, personalization, customization and one-to-one marketing. The following section will focus on consumer perceptions as this affects the purchasing and consumption of private labeled goods.

2.4.1 Consumer perceptions

Perception is an approximation of reality. Perception is the process by which stimuli are selected, organized and interpreted. The human brain attempts to make sense out of the stimuli to which it is exposed. This works well, for example, when one “sees” a friend three hundred feet away at his or her correct height; however, human perception is sometimes “off”—for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume (Frank-Martin, 2009). Several sequential factors influence perception. Exposure involves the extent to which we encounter a stimulus. For example, consumers are exposed to numerous commercial messages while driving on the freeway; bill boards, radio advertisements, bumper-stickers on cars, and signs and banners placed at shopping malls that we pass. Most of this exposure is random as consumers do not plan to seek it out. However, if one is shopping for a car, he/she may deliberately seek out advertisements and “tune in” when dealer advertisements come on the radio (Frank-Martin, 2009).

Exposure is not enough to significantly impact the individual although consumer perceptions of price, quality, and value are considered pivotal determinants of shopping behaviour and product choice (Zeithaml, 1999). Zeithaml, (1999) focused on consumer perceptions of price, quality, and value. The study found that one fundamental problem limiting work in the area involves the meaning of the concepts; quality and value are indistinct and elusive constructs that often are mistaken for imprecise adjectives like "goodness, or luxury, or shininess, or weight". Quality and value are not well differentiated from each other and from similar constructs such as perceived worth and utility. Since definition is difficult, researchers often depend on uni-dimensional self-report measures to capture the concepts (Jacoby, Olson, and

Haddock 1973; McConnell 1968; Shapiro 1973, all cited in Zeithaml, (1999)) and thus must assume shared meanings among consumers.

It is generally assumed that consumers will purchase those products whose price is low as compared to similar products whose price is high. This is supported by Erickson and Johansson (1995), who carried out a study and found out that prices have different roles to play in the multi-attribute product evaluation process. They found that the price of a product can act as a constraint on what products alternatives can be considered feasible; it limits how much is available for spending on other goods and services. Erickson and Johansson (1995), also state that price can be a quality signal. Several studies have been concerned with consumer perception of price as an indicator of quality. Hansen and Nielsen (2007), seem to support this when they state, in their study, that quality may influence costs as marginal production costs may depend on quality and that higher quality of a good often appears as a result of a R&D activity and in such cases the firm also incurs sunk costs⁶ when it develops quality hence would pass that cost to the consumer by means of high product prices.

However, whether price is used as a quality signal appears to depend on the availability of other signals. For instance, Szybillo and Jacoby (1994), showed that cues for physical differences and store image (brands) render price an insignificant indicator of product quality. On the other hand, quality itself has a role to play in as far as consumer purchasing behaviour is concerned. It is generally assumed that consumers will purchase most frequently, those products of greater perceived quality than those of lesser perceived quality (Tsiotsou, 2005).

Perceived quality has been the subject of considerable interest by both practitioners and researchers, mainly in services marketing (Cronin & Taylor, 1992; Parasuraman, Zeithaml & Berry 1996). Perceived quality has attracted the interest of practitioners and researchers because of a belief in its beneficial effects on marketing performance. Indeed, the belief that high perceived quality leads to repeated purchases is the bedrock of any business (Tsiotsou, 2005). Often, the terms perceived quality and satisfaction have been used interchangeably, especially among practitioners. However, Rust and Oliver (1994) proposed that perceived quality and satisfaction differ in two ways; perceived quality is a more specific concept based

⁶ When what is done cannot be undone. Sunk costs are costs that have been incurred and cannot be reversed, for example, spending on advertising or researching a product idea.

on product and service features, whilst satisfaction can result from any dimension (e.g. loyalty, expectations). In addition, perceived quality can be controlled to a certain degree by a company whilst satisfaction cannot. Thus, it is suggested that “when perceived quality and satisfaction are regarded as overall assessments, perceived quality is understood as an antecedent of satisfaction and therefore precedes it” (Llusar, Zornoza & Tena 2001).

The research findings reported by Caruana (2002) and Tsiotsou (2005) verify the preceding role of perceived quality and suggest a direct effect of perceived quality on consumer satisfaction. Thus, it is expected that the higher the perceived quality of a product, the higher the consumer satisfaction. There is no agreement however, on whether there is an interaction effect between perceived quality and satisfaction.

While quality is a multidimensional concept that cannot be easily defined or measured, a distinction can be made between objective quality and perceived quality. Objective quality refers to the actual technical excellence of the product that can be verified and measured (Monroe & Krishnan 1985). In contrast, perceived quality is the consumer’s judgment about a product’s overall excellence or superiority (Zeithaml 1999). Perceived product quality is a global assessment ranging from “bad” to “good”, characterized by a high abstraction level and refers to a specific consumption setting.

On the other hand Teas, (1993) focused on expectations, performance evaluations, and consumer’s perceptions of quality. He examined conceptual and operational issues associated with the "perceptions-minus-expectations" (P-E) perceived service quality model. The examination indicated that the P-E framework is of questionable validity because of a number of conceptual and definitional problems involving the (1) conceptual definition of expectations, (2) theoretical justification of the expectations component of the P-E framework, and (3) measurement validity of the expectation (E) and revised expectation (E*) measures specified in the published service quality literature (Teas, 1993).

Oliver and Swan, (1999) looked at consumer perceptions of interpersonal equity and satisfaction in transactions. Automobile purchasers were surveyed about feelings toward their inputs to and outcomes from the sales transaction, as well as their perceptions of the inputs and outcomes of the salesperson. Two concepts advanced in the equity literature, fairness and preference (advantageous inequity), to be related differentially to input and outcome

judgments. No necessary symmetry was observed between the weights attached to inputs and outcomes or between those attached to self and salesperson (Oliver and Swan, 1999).

On the other hand, Zhilin and Minjoon, 2002 carried out a study on consumer perception of e-service quality; from Internet purchaser and non-purchaser perspectives. Six primary service quality dimensions perceived by Internet purchasers were uncovered; reliability, access, ease of use, personalization, security, and credibility while seven dimensions were discovered for Internet non-purchasers; security, responsiveness, ease of use, reliability, availability, personalization, and access. When examining the relative importance of each dimension affecting overall service quality assessment, the "reliability" factor was found to be the most important dimension for Internet purchasers while Internet non-purchasers consider "security" as their most critical concern (Zhilin and Minjoon, 2002).

Miyazaki and Fernandez, 2001 carried out a study on consumer perceptions of privacy and security risks for online shopping. They explored risk perceptions among consumers of varying levels of Internet experience and how these perceptions relate to online shopping activity. Risk perceptions regarding Internet privacy and security have been identified as issues for both new and experienced users of Internet technology. Their findings provide evidence of hypothesized relationships among consumers' levels of Internet experience, the use of alternate remote purchasing methods (such as telephone and mail-order shopping), the perceived risks of online shopping, and online purchasing activity (Miyazaki and Fernandez, 2001).

Janda, Gwinner and Trocchia, (2002), focused on consumer perceptions of Internet retail service quality. They utilized qualitative depth interviews to identify five dimensions important to consumers in their assessment of the quality of Internet retailers. The five dimensions were termed performance (how well an online retailer does in terms of meeting expectations regarding order fulfillment), access (Internet retailer's ability to provide a variety of products from anywhere in the world), security (relating to perceptions of trust in the online retailer's integrity regarding financial and privacy issues), sensation (interactive features of the e-retailer's Web site) and information (quantity and credibility of information provider by the online retailer) (Janda, *et al*, 2002). They went on to quantify the five dimensions using multi-item scales, and conducts a survey to assess the reliability and validity (convergent, discriminant, and nomological) of these dimensions.

Della-Bitta, Monroe and McGinnis, (2001), carried out a study on consumer perceptions of comparative price advertisements. In their study they looked at the different types of comparative pricing formats and the associated consumer perceptions they have. They found out that the consumer's perception of a comparative price advertisement derives from his/her interpretation of the price differences and from his/her interpretation of the words used to connote the lower price.

When talking about perception we always have to keep in mind that we perceive the world not as it is, but as we think it is (Della-Bitta, *et al.* 2001). This means that there are innumerable perceived worlds out there. This statement is based on the fact that every human being relates the observed world to its past experiences, its values. Perception is more than just gathering information about a certain event at a certain time. It involves, recognizing stimuli, processing and storing them. The major challenge for the marketer is to identify the target customer and to find out, how this customer perceives the world. That will help to adjust all marketing activities to the target customer (Della-Bitta, *et al.* 2001).

2.5 SUMMARY AND CONCLUSION

In conclusion, the issues of brands and branding have been around for a while and have received increased attention in recent years. In an attempt to out maneuver their competitors, marketers and retailers alike have come up with different branding strategies. It is therefore the conclusion of this chapter that the emergence of private labels and its increased attention in recent years and been due to marketers and retailers trying to acquire competitive advantage. This chapter focused on the consumer behavior of purchasers and it is concluded that marketers need to understand why consumers make the purchases that they make, what factors influence consumer purchases and the changing factors in the society. They need to be aware of the different perceptions that consumers hold of different products and services as what one consumer may perceive as a high quality product or service, one consumer may see otherwise.

**CHAPTER THREE:
MARKETING IN SOUTH AFRICA
AND THE GENERATION Y
MARKET SEGMENT**

3.1 INTRODUCTION

This chapter focuses on the marketing issues in South Africa and the Generation Y market segment. It highlights how issues of social class have affected marketing strategies in South Africa and then it focuses on the Generation Y segment, particularly focusing on what constitutes the Generation Y consumer segment and then a conclusion on the chapter is highlighted drawing from the above.

3.2 MARKETING IN SOUTH AFRICA

Specifically, marketing in South Africa has seen an accelerated change over the last few years. This is primarily due to the emergence of new markets and opportunities (the black youth market and the black middle class), increased competition among products, brands and businesses, increasing advances in technology and globalization. South Africa's economy grew by 5% in 2006, representing the highest rate of economic growth in 25 years. After years of rising unemployment, the unemployment rate has declined for three years in a row, with over a million jobs created in this period (South Africa.info, 2007: 1). According to South Africa.info (2007: 1), "the present economic boom represents one of the longest sustained increases in income in about 40 years."

Moreover, in 1992 Stanton *et al* (1994: 43) contested that "marketing to black teenagers in a third world country, at that time, would be aligned to educational products and primary healthcare." This however has seen a great turnaround as, over 10 years later; marketers are increasingly concentrating their efforts to what is known as the *rising black middle class* (South Africa.info, 2008: 1). The question to be asked is why the concentrated effort on this particular segment. According to South Africa.info (2008: 1), South Africa's black middle class grew by 30% in just over a year, with their numbers increasing from 2 million to 2.6 million and their collective spending power rising from R130 billion to R180 billion (South Africa.info, 2007: 1). This particular segment has coined the phrase "Black Diamonds" and as such, represents the greatest opportunity for marketers and entrepreneurs in South Africa (Olivier, 2007: 180). They are a product of the South African government's Black Economic Empowerment (BEE) program that kicked in post 1994 after the end of the apartheid era. They form around 10% of the 22 million over-18-yearold black South Africans and contribute up to 40% of the spending in this group. This segment is growing rapidly and

figures at the end of 2008 show that their number was growing at 15% (Goyal, 2010:1). The black middle class was identified as a market that existed, but there was no understanding of their motivations and aspirations and it was commonly thought this group was driven by "flashy cars and designer labels", moved from the townships to townhouses as soon as they obtained wealth and mimicked what whites bought - the "black-follows-white syndrome" (Herman, 2006:1). They hang out in glitzy bars, drive luxury cars, compete for the best homes and shop in up market stores — South Africa's black middle class has arrived and experts estimate it probably overtook the white spending group a little more than a year ago (Herman, 2006:1).

The consumption patterns of various race and cultural groups is of significant importance for marketers in South Africa. A study conducted at Stellenbosch University found significant differences in the consumption behaviours of various races and aligned these differences to factors including socio-economic status, possible differences in taste and differences in expenditure patterns (Burger, van der Berg and Nieftagodien, 2004: 28-29). They found the variance to be large across the widely differentiated income groups within the black population.

Other trends in South Africa's culture have emerged, with diversity and social influences dominating considerations for marketers. Combined with increasingly prominent social and cultural forces such as an emphasis on quality of life, the role of women, attitudes toward health and fitness and technological changes, marketing in South Africa is a constantly changing phenomenon (Stanton *et al*, 1994: 45-47). Simpson and Dore (2002: 4-5) highlight emerging trends within South Africa's newfound culture. These include a deep multicultural society influenced by urbanization trends and globalization; people 'busting barriers' in terms of ceasing to feel obliged to fulfill traditional gender roles and dividing lines between old and young are becoming less apparent in terms of music, fashion, lifestyle and holidays. A large confident black population group with immense pride for their heritage has emerged. According to University of Cape Town's Unilever Institute, Black Diamonds are largely optimistic, self-confident, aspiring and future-focused, with a passion and drive for education (Olivier, 2007: 180).

Furthermore, there is a constant feeling of 'burnout' where consumers are attempting to survive the rat race and are responding by looking for 'treats' that relax the body and mind.

Other factors contributing to changing consumer preferences in South Africa include an increased commitment to communities and the environment; an increase in consumer power; an emphasis on uniqueness, hence the emergence of private labels (Lindstorm, 2002: 1).

Important in the South African context is the role of social influence, social class and situational influences⁷ in purchase decisions (Stanton *et al*, 1994: 138). South Africa is mostly dominated by Western cultures with an ever overriding sense toward more African culture features such as ‘ubuntu.’ In the early nineties, Stanton *et al* (1994: 139) suggested cultural trends shifting toward South African consumers spending more freely with an increase in credit purchases, a trend toward self-indulgence and having fun, and the need for immediate gratification as opposed to postponed gratification. These social changes are constantly posing challenges for marketers in South Africa. Another variable affecting marketing in the 21st Century is increased awareness and knowledge of the concept of marketing within the Generation Y segment (18-24 years old) who, for the purposes of this study will be referred to as college-aged University students. Section 4.2 below focuses on this consumer group.

3.3 GENERATION Y MARKET SEGMENT

As one can see, countries (especially South Africa, which has a melting pot of cultures), have a diverse range of consumers that marketers can tap. Consumers may choose a product not only because of its functional and performance benefits, but also to express consumer personality, social status and affiliation; all of which fulfill one’s internal psychological needs (Kim, 2002: 481). Private labels seek to tap these emotions. In addition to this, communities have enormous power over consumers’ purchase behaviour. They ‘allow a brand in or out’ and most of these communities are being led by the youth or ‘generation Y kids’ (Marsland, 2008: 1).

It is generally thought that people of the same age group would have similar behaviors and traits. However, the different generations, be it Gen Y or X or the baby boomers, have their own distinct characteristics, needs and personalities. Hence it is crucial that the marketing

⁷ Situational influences determine when, where, how, why and the moods and conditions under which consumers purchase goods (Stanton *et al*, 1992: 152).

strategies used are different for each generation (Marsland, 2008: 1). Due to the unlimited information flowing through the Internet, Gen Y has developed into the most well-informed consumer market and unfortunately, the most unresponsive to advertising as well. Brought up in a media-saturated and brand-conscious environment they react differently to advertisements. Generation Y generally reject advertising that they deem to be untruthful or as they say, "in-your-face" advertising. Aggressive marketing tactics may backfire on companies as Generation Y consumers generally dislike the feeling of being targeted or even cornered with this strategy. Rather, they prefer to buy products that have reached them through word of mouth. This can be adopted by companies to subtly, yet effectively advertise their product. The research at hand seeks to investigate the perceptions of Generation Y consumers from Eastern Cape universities on private labels of selected grocery stores and to ascertain if generation Y consumers purchase private label products because of their price, quality, packaging, advertising, awareness and positioning. In this research, Generation Y consumers are given the term University-Aged consumers because they constitute the majority of university going consumers.

Generation Y consumers constitute a broad category of consumers and various definitions of this category exist (Marsland, 2008: 1). A study conducted by Saatchi and Saatchi (The ClickZ Network, 1999: 1) described Generation Y as "those 78 million youths born between 1977 and 1999 and represents the first generation to grow up 'online'" (The ClickZ Network, 1999: 1). The study's key findings illustrate this group to be defined by the value of 'knowledge is power.' They represent a confident, self reliant, optimistic and positive generation and are verbally and visually more sophisticated, creating a whole new language through digital media (The ClickZ Network, 1999: 1). They can also be described as "the 71 million children of the Baby Boomers...with such major spending power" (Inside the mind of a Gen Y, 2008: 1). It can be said that 'Gen Y' spans 17 years and can therefore be split up into 'young adults', 'teens' and 'tweens' (Inside the mind of a Gen Y, 2008: 1). According to a survey carried out by Sunday Times (2010), entitled Generation Next, South Africa, like most developing countries, has a very young population whose average age is 22 hence making this group of consumers interesting to study.

Other characteristics of this group include racial diversity, children arising from single-parent households and many having predominantly working mothers (BusinessWeekOnline, 1999: 2). To reach this challenging market, a marketer needs to understand this shift in values and

must attempt to capture their attention by bringing their messages to the places that these consumers congregate (BusinessWeekOnline, 1999: 2). The marketing attempts need to be funny, quirk, almost indirect with the idea being to allow the consumer to stumble onto the brand in unexpected places (BusinessWeekOnline, 1999: 2). Gilmore and Pine (2007: 19) suggest “consider allowing customers to participate in making your offerings theirs, through increased control and customization or some other collective, collaborative, or contributive process that directly affects the final output.”

The most prominent advantage of this group is their need to constantly share new found information and thus go about ‘spreading the word’ (BusinessWeekOnline, 1999: 5). In America, the purchasing power of the older Generation Y consumers (young adults) between the ages of 19 and 25 lies at \$200 billion (Gardyn, 2002 in Martin and Turley, 2004: 465). Accounting for over one-third of the Generation Y consumption group, the consumers of the 19-25 year old sub-group have reached adulthood and many are making consumption and purchase-related decision on their own. Specifically, these older Generation Y consumers attending college have purchasing power of \$105 billion, and earn nearly \$6,000 annually (Martin and Turley, 2004: 466). Although their spending power alone is reason enough to pay significant attention to this group of consumers, another factor, due in part to the tremendous upswing in the economy over the past decade, is that Generation Y consumers possess a tremendous amount of disposable income. Generation Y consumers are very likely to spend their cash as quickly as they acquire it, usually on consumer goods and personal services (Martin and Turley, 2004: 466).

In South Africa, the generation Y consumer (which Sunday Times newspaper, 2010, chooses to call them Generation Next), are mavens who give a good sense of the “next big thing”. As early adopters in their brand and product choices, they provide strong indicators of where the market is going: cool 17 year olds wore skinny jeans two years before they were popular with 25 pluses; the rise of smart phones as a popular mainstream instrument was predicted by late teens’ fascination with them while they were still being built as business phones (Sunday Times, 2010:2).

3.4 SUMMARY AND CONCLUSION

In conclusion, it can be seen that there has been an increase in consumer convergence, internationally and in South Africa, increased consumer buying power, increased competition due to diversification and most importantly, an increase in emerging market segments (Generation Y market segment). In addition to this, due to a shift to the knowledge economy, marketers are moving away from traditional techniques to interactive and engaging experiences in an attempt to increase brand loyalty. This has revolutionised the ways in which companies in South Africa are conceptualizing their marketing techniques and with the Generation Y marketing segment difficult to market to, it is only wise for marketers to adapt to the trendy ways of the Generation Y market segment or fear losing out on this particular consumer group.

**CHAPTER FOUR:
DEMOGRAPHIC VARIABLES**

4.1 INTRODUCTION

This chapter focuses on demographic variables. Demographic variables mean dividing the market into specific groups according to age, gender, family size, income, occupation, religion, education, nationality or race. This is among the most popular basis for segmenting customer groups mainly because it is the easiest, most measurable and most widely used segmentation method. For the purposes of this chapter, ethnicity and gender will be focused on.

4.2 ETHNICITY

An ethnic group is “a group of human beings whose members identify with each other, usually on the basis of preferential endogamy and/or a presumed or real common ancestry. Ethnic identity is further marked by the recognition from others of a group's distinctiveness and the recognition of common cultural, linguistic, religious, behavioral or biological traits, real or presumed, as indicators of contrast to other groups” (Wikipedia, 2008: 1). These groups of individuals share similar values, therefore they will respond in the same manner to an experience; they have selective perception which influences brand comprehension and attitudes (Lamb *et al*, 2008: 85). Recently, there has been an increased exposure of consumers to a variety of ethnic groups and cultures. One of the main reasons for this is the rapid growth of technology (Ethno Connect, 2006: 1). Markets are becoming increasingly homogenous. An emergent problem is that marketers currently do not have a sustainable marketing strategy which intertwines these cultures (Sharma, 2007: 1). The two distinct cultures in South Africa are white and black; Indian and coloured are a minority. For the purpose of this research, there will be a comparison between white and the other races (black, Indian and coloured) grouped together.

South Africa's demographics are as follows: 79.6% is black, 9.1% is white, 8.9% is coloured and 2.5% is Indian/Asian (Marsland, 2008: 1). Each of these are further divided into various sub-cultures in terms of language (for example Afrikaans, English, Xhosa, Zulu and Sotho) and even geographical setting (for example, urban areas and the townships) (Lamb *et al*, 2008: 88). Furthermore, the South African black middle-class population (Black Diamonds) is growing rapidly and, as such, represents a large segment of the black population. The group grew by 35% from 2006 to 2007 and their purchasing power has increased significantly (SouthAfrica.info, 2008: 1). In addition to this, lifestyles of this segment are

dynamic and changing rapidly; as the young black adults are moving into the urban areas, the number that go through tertiary education has increased dramatically and in general, are receiving more income and enjoying a higher standard of living (SouthAfrica.info, 2008: 1). At the same time they still hold on to their township values, for example, they still spend a great amount of time visiting relatives in the township and partaking in traditional rituals (Bowles, 2008: 6). Therefore, as this dynamic group becomes increasingly fragmented, it is becoming difficult for marketers to connect with them. This, coupled with their growth, has implications for marketing..

To our current knowledge, no exploratory study has yet been conducted on the response of different social constructs (ethnicity) to private labels. It is vital to add to this body of knowledge and shed light on the emerging opportunities for South African consumers and marketers alike. Private labels are one of the best ways to emerge and engage with these diverse consumers in South Africa. This diversity presents an incredible opportunity for companies to sell more products and services locally, nationally and internationally. To do this, they need to be willing to recognize the needs of the fastest-growing consumer groups within the country and adjust their marketing strategies to appeal to these segments (Ethno connect, 2006: 1). Companies are no longer pushing information to consumers but looking for points of engagement within differentiated markets (SouthAfrica.info, 2008: 1).

Similarly, marketers must understand the values of the different cultural groups within South Africa. The black population group has different cultural values to the whites, who have different values to Indians. Black societies are seen to be collectivistic, while whites are seen to be individualistic. According to Lamb *et al* (2008: 85), such individualistic cultures include people that are emotionally independent from groups, organizations and other collectivities. They are self-centred and self-enhanced people, less loyal to groups and try to achieve self identity and purpose. On the other hand, collectivistic individuals value group membership and are loyal to group members. Avoiding isolation from the group is very important, since an individual is greatly influenced by members of the group (Lamb *et al*, 2008: 86). Great emphasis is placed on the community rather than the individual. Whatever happens to the whole group happens to the individual and whatever happens to the individual happens to the whole group. Most South African cultures (blacks and Indians) espouse the *Ubuntu* concept, which means “a person is a person through other human beings” (Lamb *et al*, 2008: 86).

Individualistic cultures shop for foods in more sterile supermarkets where meat is tightly wrapped in layers of plastic wraps or processed into unrecognizable sandwich meat (De Mooij, 2004: 235). In collectivistic cultures, in small and large shops, there are counters with fresh food where people can touch, see and recognize the texture of the food (De Mooij, 2004: 236). This has implications for marketers; since collectivistic individuals want to see and touch, compare and contrast between products; private labels are more likely to entice them to buy the product. Moreover, shopping behaviours vary between these two cultures; collectivistic individuals shop in groups and seek to form a relationship with the seller. They involve in-group members when shopping or after shopping (for example, word-of-mouth) more than individualistic societies (De Mooij, 2004: 264). Therefore, after purchasing a product/brand these individuals are more likely to tell others about their encounter with the product or rather 'spread the word'. They are also more likely to buy a product that was recommended by a family or friend who has actually experienced the product (De Mooij, 2004: 264). This presents great opportunities for marketers in South Africa. As stated earlier, the majority of the population is collectivistic; therefore private labels would be an effective marketing strategy.

4.3 GENDER

According to Barletta (2003: 1) "Women and men are not the same, and using the same marketing strategies to reach them means at best a near miss." This is a key factor to how different genders will react to different marketing techniques, and how effective these techniques will be in influencing their purchasing decision (Moran, 2006: 1). The difference in preferences between the two sexes began as far back as the Stone Age: women being the gatherers and men being the hunters (Moran, 2006: 2). Moran (2006: 2) and Barletta (2003: 1) both argue that men are more likely to buy a product on impulse when seeing it advertised, while women will go as far as looking at the quality, price, package, and functions of the product and conduct research to find out more information about the product before purchasing. This is the reason the internet has become one of the most important advertising tools for companies as in-depth knowledge can be provided to the customer about the product Moran (2006: 4).

According to Jaffe' (2007: 18) there are three different characteristics that lead to men and women reacting to marketing techniques differently, as well as affecting the manner in which the different sexes go about the purchasing process (these being: biology, sociology and psychology). He states that the social environment where a person experiences, for example: a promotion, affects how the two sexes perceive the product differently and on the other hand the majority of women would be more responsive to or prefer a more interactive and collaborative environment when purchasing products (Jaffe, 2007: 18). He further states that the main 'level' which determines why the two sexes react differently to different marketing techniques is the psychological level. Men and women have different purchasing processes; make different purchasing decisions, as well as requiring different information about products before purchasing (Jaffe', 2007: 22).

According to Barletta (2003: 1), gender culture is one of the most important factors to consider when deciding which marketing technique to use when marketing to customers of different genders. He further makes the point of how research is only just beginning in this field, therefore this study will add on to the body of knowledge in as far as marketing to consumers of different genders is concerned.

4.4 AGE

Purchasing habits fluctuate over time with every generation, but because of increased access to new technology and uncertainty due to world events and insecure futures, the consumer trends of generations have changed. In order for businesses to appeal to these consumers, it is important to understand what these buying habits are, how they have changed, and what techniques can be utilized to expand sales. Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples, which help marketers to develop appropriate products for each stage.

It is generally thought that people of the same age group would have similar behaviors and traits. Hence it is crucial that the marketing strategies used are different for each generation (Marsland, 2008: 1). Due to the unlimited information flowing through the Internet, Generation Y (University-Aged consumers) has developed into the most well-informed

consumer market and unfortunately, the most unresponsive to advertising as well. Brought up in a media-saturated and brand-conscious environment they react differently to advertisements. University-Aged consumers generally reject advertising that they deem to be untruthful or as they say, "in-your-face" advertising. Aggressive marketing tactics may backfire on companies as University-Aged consumers generally dislike the feeling of being targeted or even cornered with this strategy. The research at hand seeks to investigate the perceptions of University-Aged consumers from Eastern Cape universities on private labels of selected grocery stores.

4.5 SUMMARY AND CONCLUSION

In conclusion, different races/cultures coupled with gender have diverse needs, which influence their purchase behavior, and hence it is vital that not only global, but small-scale marketers identify prevalent types of consumer needs in different markets. Demographic profiling is essentially an exercise in making generalizations about groups of people. As with all such generalizations many individuals within these groups will not conform to the profile - demographic information is aggregate and probabilistic information about groups, not about specific individuals. Critics of demographic profiling argue that such broad-brush generalizations can only offer such limited insight and that their practical usefulness is debatable. However, if the conclusions drawn are statistically valid and reproducible, these criticisms are not as well founded.

CHAPTER FIVE
RESEARCH DESIGN AND
METHODOLOGY

5.1 INTRODUCTION

This chapter will look at the research design and the methods of collecting data for the purposes of this study. An online structured questionnaire was used to source the primary data with regards to the perception of university aged students of private labels of grocery stores. This chapter comprises of three main sections. The first section will look at the overall design and structure of the research instrument (questionnaire). The second section will focus on the Likert five-point interval scale and the explanation of the method followed in the pilot study. The last section will look at the target population (N) and the sample population (n). An explanation will be given with regards to the sampling method used and the chapter will close with a summary and conclusion.

5.2 DESIGN AND STRUCTURE OF THE RESEARCH INSTRUMENT

5.2.1 Background of the design of the questionnaire

Questionnaires are an inexpensive way to gather data from a potentially large number of respondents. Often they are the only feasible way to reach a number of reviewers large enough to allow statistically analysis of the results (Alexander, 2010). A well-designed questionnaire that is used effectively can gather information on both the overall performance of the test system as well as information on specific components of the system. If the questionnaire includes demographic questions on the participants, they can be used to correlate performance and satisfaction with the test system among different groups of users. Questionnaires as research and/or measuring instruments to source primary data are associated with both positivistic and phenomenological methodologies (Alexander, 2010). Collis and Hussey (2003) describe a questionnaire as a list of carefully structured questions, chosen after considerable testing, with a view of eliciting reliable responses from a chosen sample. Neville (2005), states that the validity (the extent to which the data accurately measures what they were intended to measure) and reliability (the extent to which the data collection method will yield consistent findings if replicated by others) of the data you collect depend on the design of the questionnaire and the words that you use.

For the purpose of this study, the questionnaire was used to source primary data in order to ascertain the perceptions of university-aged students in the Eastern Cape Province on private

labels of grocery stores. Most of the statements within the questionnaire were replicated from a previous research carried out by Collins-Dodd and Lindley (2002). The questionnaire was comprehensively modified and expanded to address present-day requirements. The requirements of a well designed research instrument were incorporated into the questionnaire and they include:

- Order and flow of questions should be logical to the respondent.
- Questions can be open or closed-ended
- There can be a low rate of return with questionnaires, so they need to be introduced carefully and courteously to potential respondents. This introduction can include the use of a covering letter; offering a prize or other incentives to improve the rate of return of questionnaires.
- Avoid ambiguous and negatively worded statements
- All questionnaires should be piloted, if possible, with a small group before the main research to assess their value, validity and reliability.

(Neville, 2005)

5.2.2 Structure of the research instrument

The survey was conducted in two Eastern Cape Universities. Respondents were requested to express their opinions (perceptions) by means of a Five-point Likert interval scale where 1 for example was unimportant; 5 important. The research instrument comprised the following sections:

- Section A comprised of five-point likert type questions where respondents were required to rate their responses where 1 is strongly disagree or very unimportant and 5 is strongly agree or very important on aspects pertaining to the general overview of retailers and their shopping behaviour.
- Section B comprised of five-point likert type questions where respondents were required to rate their responses where 1 is strongly disagree or very unimportant and 5 is strongly agree or very important on aspects pertaining to private labels and private labeled products.
- Section C comprised of questions that dealt with advertising and promotion of private label products and

- Section D provided a platform to provide demographic information to determine if respondents were of correct age and belong to the generation Y consumer group

The research instrument is included in Appendix 9.

5.2.3 Validity and reliability of the research instrument

Research instruments must be selected or developed carefully to fit the research design and the plan for data analysis so that the data collected will be useful for answering the research questions. Good research instruments produce valid and reliable results. Validity and reliability often are called psychometric properties of the research instrument, which means they represent how well instruments measure the variables of interest to the researcher. It should be emphasized that the research instrument administered to the sample of Eastern Cape University-aged students, represents a research instrument comprising of several sections and hence it is necessary that the validity and reliability for this instrument be ascertained.

5.2.3.1 Validity of the research instrument

Validity can be defined as the degree to which a test measures what it is supposed to measure. There are three basic approaches to the validity of tests and measures as shown by Hair, Anderson, Tatham and Black (1998). These are content validity, construct validity, and criterion-related validity.

- **Content Validity**

This approach measures the degree to which the test items represent the domain or universe of the trait or property being measured. In order to establish the content validity of a measuring instrument, the researcher must identify the overall content to be represented. Items must then be randomly chosen from this content that will accurately represent the information in all areas. By using this method the researcher should obtain a group of items which is representative of the content of the trait or property to be measured. Identifying the universe of content is not an easy task. It is, therefore, usually suggested that a panel of experts in the field to be studied be used to identify a content area (Hair, *et.al*, 1998).

- **Construct Validity**

Construct validity must be investigated whenever no criterion or universe of content is accepted as entirely adequate to define the quality to be measured. The term construct in this instance is defined as a property that is offered to explain some aspect of human behaviour, such as mechanical ability, intelligence, or introversion (Hair, *et.al*, 1998). The construct validity approach concerns the degree to which the test measures the construct it was designed to measure which in this study are the perception of university aged consumers of private label brands of grocery stores (Mason and. Bramble, 1989).

There are two parts to the evaluation of the construct validity of a test. First and most important, the theory underlying the construct to be measured must be considered. Second the adequacy of the test in measuring the construct is evaluated (Mason and. Bramble, 1989).

- **Criterion-Related Validity**

This approach is concerned with detecting the presence or absence of one or more criteria considered to represent traits or constructs of interest. One of the easiest ways to test for criterion-related validity is to administer the instrument to a group that is known to exhibit the trait to be measured. This group may be identified by a panel of experts. A wide range of items should be developed for the test with invalid questions culled after the control group has taken the test. Items should be omitted that are drastically inconsistent with respect to the responses made among individual members of the group. If the researcher has developed quality items for the instrument, the culling process should leave only those items that will consistently measure the trait or construct being studied (Mason and. Bramble, 1989).

5.2.3.2 Reliability of the research instrument

The reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always present to a certain extent, there will generally be a good deal of consistency in the results of a quality instrument

gathered at different times. The tendency toward consistency found in repeated measurements is referred to as reliability (Carmines & Zeller, 1979).

5.2.4 Measurement Scale

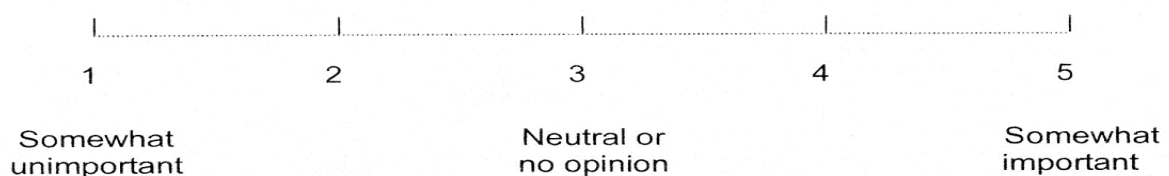
The decision on the measurement scales (nominal, ordinal, interval or ratio) used in a research instrument to collect the data has important implications for the type of statistical analysis that a researcher may perform. In this study, the Five-point Likert interval scale was used which falls under the interval measurement scale hence it is necessary to briefly introduce this scales of measurement.

5.2.4.1 Interval Scale

Interval scales of measurement have the power (abilities) of nominal and ordinal scales, plus one other strength of incorporating the concept of equality of interval (the distance between 1 and 2 equals the distance between 2 and 3, 3 and 4, and so on). Besides the equality as described above, interval scales also have a zero point that has been established arbitrarily, for example temperature (Cooper and Schindler, 2005:313).

For the purposes of this research, it was decided to use a Five-point Likert interval scale, as shown in the figure below which shows that the “equidistance” between the numbers shown are the same.

FIGURE 5.1: Illustration of a Five-point Likert scale



Source: Adapted from Leedy and Ormrod, (2005:26).

Interval measurement scales allow for more advanced statistical procedures, such as the arithmetic mean as a measure of central tendency and the standard deviation as a yardstick of dispersion, t-tests, F-tests and other parametric tests. An interval scaled research instrument facilitates the performance of the necessary inferential statistical data analysis (Leedy and Ormrod, 2005: 26-27; Cooper and Schindler, 2006:315).

TABLE 5.1: Summary of all the measurement scales

	Measurement scale	Characteristics of the scale	Statistical possibilities of the scale
Non-interval scales	Nominal scale	A scale that 'measures' in terms of names or designations of discrete units or categories	Enables one to determine the mode, the percentage values, or the chi-square
	Ordinal scale	A scale that 'measures' in terms of such values as 'more' or 'less', 'larger' or 'smaller', but without specifying the size of the intervals	Enables one also to determine the median, percentile rank, and rank correlation
Interval scales	Interval scale	A scale that measures in terms of equal intervals or degrees of difference but whose zero point, or point of beginning, is arbitrarily established	Enables one also to determine the mean, standard deviation, and product moment correlation; allows one to conduct most inferential statistical analyses
	Ratio scale	A scale that measures in terms of equal intervals and an absolute zero point of origin	Enables one also to determine the geometric mean and the percentage variation; allows one to conduct virtually any inferential statistical analysis

SOURCE: Adapted from Leedy and Ormrod, (2005:28).

5.3 PILOT TESTING OF RESEARCH INSTRUMENT

As stated previously, the research instrument was replicated (with extensive modifications) from prior research by Collins-Dodd and Lindley (2002), and hence a pilot study was deemed necessary to ensure the operational administration, validity and reliability of the questionnaire was maintained. The instrument was piloted at Rhodes University amongst 30 students who were no part of the sample population.

5.4 PHASES IN SAMPLING DESIGN

The phases leading towards the sampling design include concepts such as population (N), target population, sampling frames, sampling units, sampling and sample size. The sampling method employed is another relevant set of information that requires some explanation. For the purpose of primary, quantitative data sourcing, it is important to have a common understanding regarding the above concepts.

5.4.1 Population and target population

A population or universe is any complete group or body of people or any collection of items under consideration for the research purpose (Collis and Hussey, 2003:155). For the research in question, the population (N) refers to the students in the two selected Eastern Cape Province universities.

The above broad definition of the population was narrowed down to the target population, which comprises the complete group of specific population elements relevant to the research project (Hair, Babin, Money and Samouel, 2003:373). The target population for this research comprised only those students in the selected Eastern Cape Province universities who reside off-campus. As many as 15914 (N) (10000 from NNMU and 5914 from Rhodes University) students in the selected Eastern Cape Province universities identified but those that reside off-campus totaled 7118 (4000 from NNMU and 3118 from Rhodes University). This delimitation of the target population is important in order to identify the source from which the primary data was obtained. The assumption is that students who reside off-campus are more aware of private labels as they carry out shopping more than those that reside on campus and generally would have more disposable income and the reason that two different universities have been chosen is to provide a broad base of student opinions, covering varying cultural and income backgrounds, thus allowing for unbiased, valuable research

5.4.2 Sampling frame and unit

The sampling frame is closely related to the target population which comprises the complete group of specific population elements relevant to the research project (Hair *et al*, 2003:373). In actual practice, the sample will be drawn from a list of population elements that is often

somewhat different from the target population that has been defined (Zikmund, 2003:373). The sampling frame for the research in question comprised students of NNMU and Rhodes universities who reside off campus was then decided to be 7118. This will further be explained below.

Zikmund (2003:375) is of the opinion that during the actual sampling process, the elements of the target population must be selected according to a certain procedure. The sampling unit is a single element or group of elements subject to selection in the sample.

For the research in question, the sampling unit comprised NNMU and Rhodes university students who reside off campus, therefore, the sampling frames and sampling units for target population was deemed to be similar.

5.4.3 Sampling and sample size

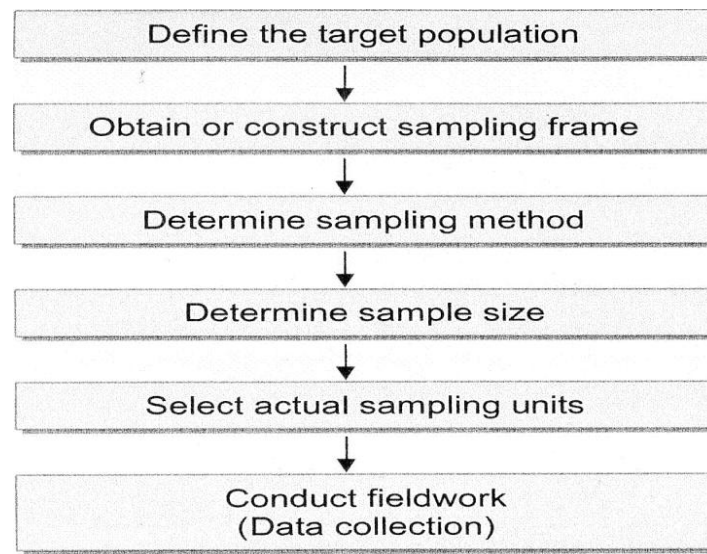
In statistics, a sample is a subset of a population. Typically, the population is very large, making a census or a complete enumeration of all the values in the population impractical or impossible. The sample represents a subset of manageable size. Samples are collected and statistics are calculated from the samples so that one can make inferences or extrapolations from the sample to the population. This process of collecting information from a sample is referred to as sampling (Cooper and Schindler, 2006:717).

The best way to avoid a biased or unrepresentative sample is to select a random sample, also known as a probability sample. A random sample is defined as a sample where the probability that any individual member from the population being selected as part of the sample is exactly the same as any other individual member of the population. Several types of random samples are simple random samples, systematic samples, stratified random samples, and cluster random samples (Cooper and Schindler, 2006:717).

A sample that is not random is called a non-random sample or a non-probability sample. Some examples of nonrandom samples are convenience samples, judgment samples, purposive samples, quota samples, snowball samples, and quadrature nodes in quasi-Monte Carlo methods (Collis and Hussey, 2003:155; Zikmund, 2003:369)

In figure 2, the decision regarding the sequential stages is illustrated, although the actual order of events did not always follow this particular sequence. These events are generally highly interrelated (Collis and Hussey, 2003:155; Zikmund, 2003:369; Cooper and Schindler, 2006:717).

FIGURE 5.2: Phases in selecting a sample



SOURCES: Adapted from Collis and Hussey (2003:155); Zikmund (2003:369) and Cooper and Schindler (2006:717).

As discussed earlier, a positivistic paradigm was the most appropriate for this research. In a positivistic study, a representative or good sample can be taken to be true for the population; hence the results could be generalized to the whole population.

Collis and Hussey (2003:155) are of the opinion that a good sample must be:

- Chosen at random (every member of the population must have a chance of being chosen);
- Large enough to satisfy the needs of the investigation being undertaken; and
- Unbiased and representative of the population from which it is drawn.

According to Cooper and Schindler (2006:413), certain principles that influence sample size include *inter alia*:

- The greater the dispersion or variance within the population, the larger the sample must be to provide estimation precision;
- The greater the desired precision of the estimate, the larger the sample must be;
- The narrower or smaller the error range, the larger the sample must be;
- The higher the confidence level required in the estimate, the larger the sample must be, and
- The greater the number of sub-groups of interest within the sample, the greater the sample size must be, as each sub-group must meet minimum sample size requirements.

Larger samples enable researchers to draw more representative and accurate conclusions and to make predictions with greater accuracy, than do smaller samples.

5.4.4 Sampling method

As shown in figure 2, the construct of the sampling frame is followed by the determination of the sampling method. Research literature (Cooper and Schindler, 2006:414-425; Zikmund, 2003:376-398) describes a wide variety of sampling methods. Sampling methods can be divided into two main categories, namely probability and non-probability samples. Probability sampling maybe described as a sampling method in which every member of the population has a known (in advance), non-zero probability of selection. Non-probability sampling, on the other hand, represents a sampling, method in which units of the sample are selected on the basis of personal judgment or convenience (Zikmund, 2003:379).

Based on the merits of the sampling frame and sampling unit described above, a probability sampling method was deemed appropriate for this research. More specifically the simple random sampling was employed. The motivation for this decision is that simple random sampling gives each member of the population an equal chance of being chosen. It is not a haphazard sample and one way of achieving a simple random sample is to number each element in the sampling frame (e.g. give everyone on the Electoral register a number) and then use random numbers to select the required sample. Random numbers can be obtained using your calculator, a spreadsheet, printed tables of random numbers, or by the more traditional methods of drawing slips of paper from a hat, tossing coins or rolling dice. In the contemporary world, Stat Trek's Random Number Generator is used where one assigns to it the number of random numbers required, the minimum value and the maximum value. In this

research, all the respondents comprised students of NNMU and students from Rhodes University who reside off campus. An online questionnaire was used to gather the data with a cover letter explaining the purpose of the research.

5.4.5 Research instrument administration and actual sample

The procedures through which the questionnaire was administered to the student in the two Eastern Cape Province universities who reside outside campus will now be discussed. The student in the two Eastern Cape Province universities who reside outside campus were extracted from the universities and a total of 378 participated in the research as respondents. An online questionnaire was made available on the two separate campuses’ websites. Participation was encouraged by means of making two Pick “N” Pay grocery vouchers (one per campus) available to respondents, selected randomly.

5.4.6 Response rate

Only 378 students responded to the invitation to participate in the survey of which 363 questionnaires were usable for statistical analysis. Table 2 is noteworthy as it presents an indication of what the number of respondents ought to be, given the size of the population (De Vos, Strydom, Fouche and Delport, 2002:220-201). Based on a linear transformation on the guidelines of Table 2, a response rate of 5% is deemed adequate.

Table 5.2: Guidelines for Sampling

Target population	Percentage suggested	Number of respondents (actual sample)
20	100%	20
30	80%	24
50	64%	32
100	45%	45
200	32%	64
500	20%	100
1 000	14%	140
10 000	4,5%	450
100 000	2%	2 000
200 000	1%	2 000

SOURCE: De Vos *et al.* (2002:201)

Further to the above, given the population, the required response rate should, as rule of thumb, be equal to the number of statements in the questionnaire multiplied by five.

5.5 SUMMARY AND CONCLUSIONS

The basic design of the research instrument used in this study was based on previous research by Collins-Dodd and Lindley (2002). The questionnaire was comprehensively modified and expanded to address present-day requirements. Strong support from secondary sources also motivated the type of questions included in the research instrument.

The Five-point Likert interval measuring scale was adopted as it met the statistical data analysis requirements of the research. Secondly, pilot testing of the research instrument was deemed necessary to ensure the operational administration, validity and reliability of the questionnaire was maintained. Thirdly, the target population, sampling frame and sampling unit were identified and the sampling method was described. As stated, the actual sample size (n) amounts to 363.

CHAPTER SIX: DATA ANALYSIS AND RESEARCH FINDINGS

6.1 INTRODUCTION

This chapter focuses on the analysis and interpretation of the questionnaire (refer to addendum one). Data analysis and interpretation of data are closely related. In data analysis, the collected data is broken up into groups or elements which the researcher examines separately, and translates into immediate results. In interpretation, the immediate results will be translated into integrated and meaningful general references and findings. The findings must be relevant to the objectives of the research. If both data analysis and interpretation are not carried out properly, the success of the study cannot be assured (Proctor, 2000:273).

Descriptive statistics such as tables, pie charts and bar charts were used to aid the analysis of data because they are effective illustrations of depicting relations and trends. This chapter will illustrate the accumulation of results obtained from the questionnaires. The online questionnaires were administered to the chosen sample population. Variable numbers were allocated to each responded and every second responded was chosen. Staff members of the Department of Statistics of Rhodes University assisted in the coding and processing of data that were obtained from the returned questionnaires.

Section 6 below examines the analysis and interpretation of data obtained from the respondents through the questionnaire.

6.2 DISCUSSION OF THE EMPIRICAL RESULTS

This section deals with the analysis and interpretation of data obtained from the respondents in the study area through online questionnaires. Each section and question in the questionnaire will be discussed individually. The questions applicable to each section will be provided as well as the reasons for asking them. The obtained answers will be supported by either a table, a figure or both. The interpretation of the answers to the questions will then be effected. Finally, the results obtained from each question will be compared with empirical studies to confirm if they are consistent or inconsistent with previous literature related to the questions.

Following a study carried out by Collins-Dodd and Lindley (2002) to examine the connection between store brands and retail differentiation, this study was adapted into a South African context to examine the connection between consumer behaviour and product brands (private labels) and also include the variables of gender and ethnicity within the generation Y age group to offer a much richer and detailed point of view from the sample population. The section that follows focuses on the research findings gathered from the responses of the generation Y age group and the analysis is also split across gender and ethnicity.

6.2.1 Section A: Demographic data

This section identified and discussed demographic factors related to the consumers who purchase private labels and private labeled products. Proctor (2000:157) explains that demographic data are needed to obtain basic information about the respondent. It provides identification material about the respondent such as age and gender. Demographic data, in addition, helps through the analysis of subgroups to provide a method for identifying differences in key results in responses by subgroups such as on age and gender.

Table 6.1 (below): Illustrating the biographical details of the sample population

		n	%
University	NNMU	154	42%
	Rhodes non-res	195	54%
	Rhodes res	14	4%
Gender	Male	167	46%
	Female	196	54%
Ethnicity	Black	136	37%
	White	180	50%
	Indian	27	7%
	Coloured	12	3%
	Other	8	2%
Age	15-17	1	1%
	18-20	66	18%
	21-23	164	45%
	24-26	89	25%
	27-30	43	11%

The above table depicts the findings of the study in respect of the biographical details of the sample population. Nelson Mandela Metropolitan University students constituted 42% of the respondents while the remaining 58% of the respondents came from Rhodes University students. From the 58% of the respondents from Rhodes University, 54% resided off-campus while 4% resided on campus rendering the responses of those that reside on-campus unusable as this study focused on those students who reside off-campus. As far as gender distribution is concerned, 46% of the total sample was male while the remaining 54% was female. White respondents constituted 50% of the total respondents while black, Indian, colored and other races constituted 37%, 7%, 3% and 2% respectively. As far as age distribution is concerned, the majority of the respondents were aged between 21 and 23 while the least age group came from those aged between 15 and 17. This could be the case maybe because respondents in this age group are very few at university level hence a few of them formed part of the sample population.

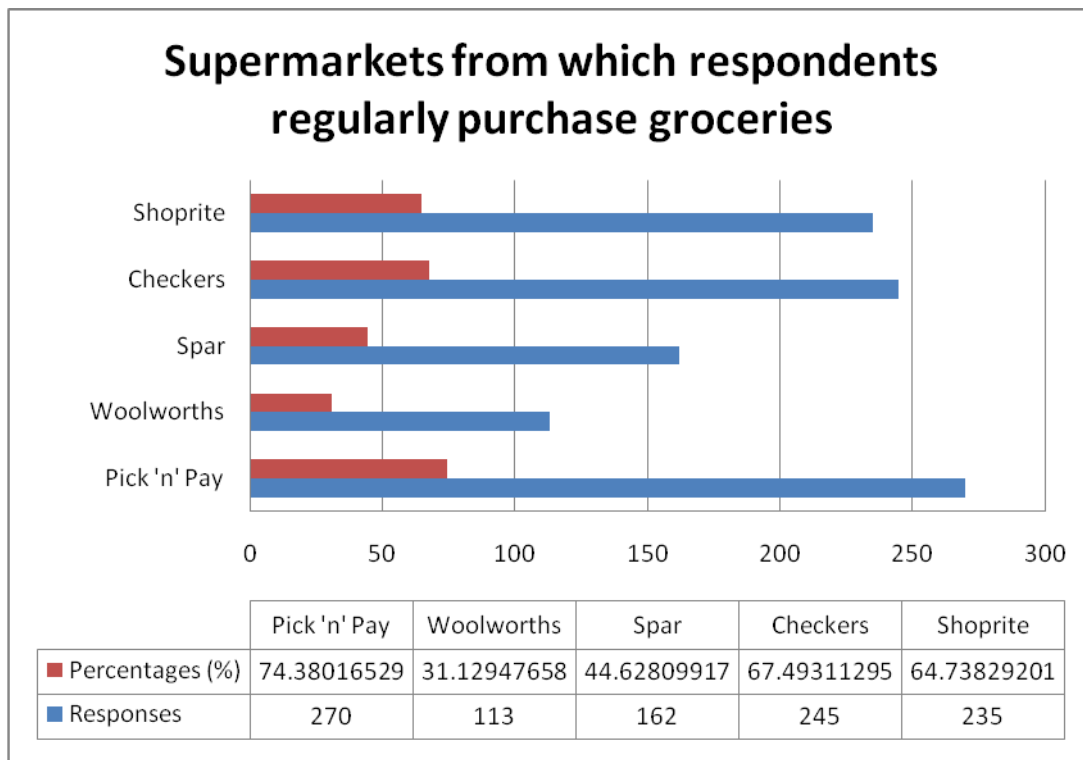
6.2.2 Section B: Overview of retailers and shopping behavior

The questions in this section were required to determine the general overview of retailers. This was done so as to establish from which grocery stores consumers usually purchase their groceries and how frequently they purchase the groceries. Respondents were also asked to rank their level of agreement with certain statements pertaining the purchasing of groceries. Questions and responses from this section of the questionnaire are analyzed below.

**Question 2: At which of the following supermarket do you regularly purchase food?
You may select more than one option if necessary.**

Respondents were asked at which supermarket they regularly purchase groceries. Figure 6.1 below depicts the responses they gave.

Figure 6.1 Showing supermarkets from which respondents regularly purchase groceries



Comment:

Respondents were asked at which supermarket they regularly purchase food from and in figure 6.1 it can be noted that Pick 'n' Pay was the most common with 74% of the respondents regularly shopping there. Shoprite and Checkers showed almost similar results of 65% and 67% of the respondents, respectively, regularly shopping from there. A possible reason for this similarity in results could be attributed to the fact that Shoprite and Checkers used to be a group company and thus the respondents could still be associating one supermarket with the other.

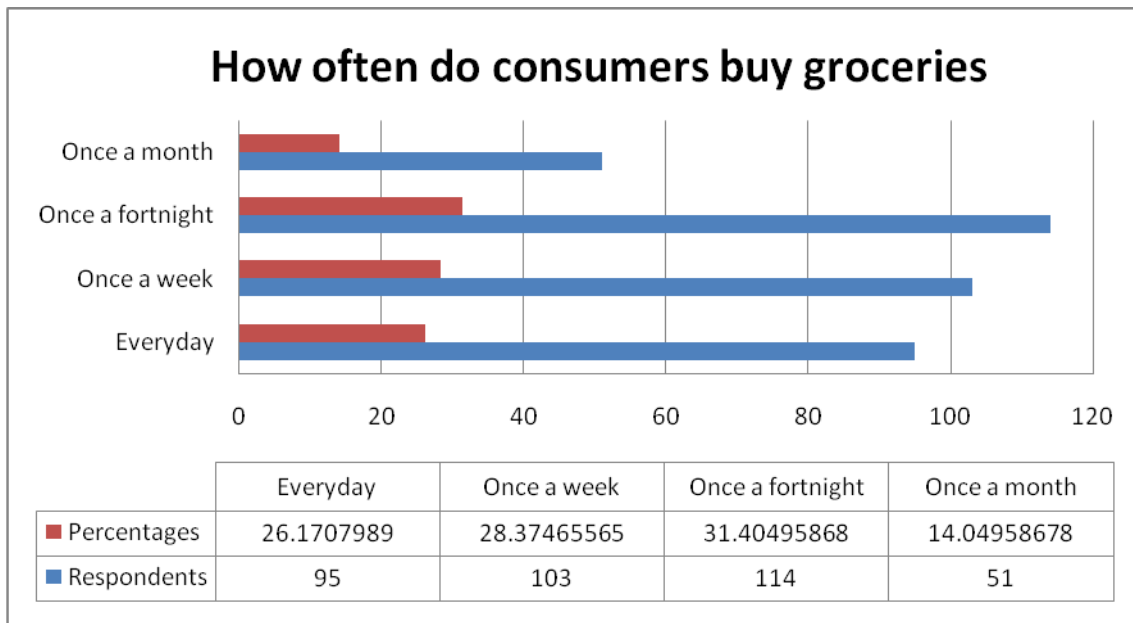
Spar had 162 out of 363 (45%) respondents replying that they regularly shop from there. This could be because most of the Spar outlets are located near service stations and this is not necessarily a convenient location for all consumers; and the size of these shops could be a limiting factor on the variety of groceries they can hold and hence the low result. Woolworths on the other hand was the least common supermarket with only 31% of the respondents showing that they purchase there regularly. One of the reasons Woolworths is less common when compared to Pick 'n' Pay is possibly because Pick 'n' Pay's outlets are more conveniently located as compared to those of Woolworth.

Moreover, just like in Grahamstown, not all of Woolworths' outlets have a groceries department.

Question 3: How often do you purchase groceries?

Respondents were asked to state the frequency with which they shop for groceries at outlets of their choice. Figure 6.2 below shows the responses obtained for this question.

Figure 6.2 showing how often consumers buy groceries.



Comment:

From the collected data it can be seen that 26% of the population (95 consumers) bought groceries everyday, 28% (103 consumers) once a week, 31% (114 consumers) once a fortnight and 14% once a month. It should however be noted that since the respondents were not asked the nature of the groceries they purchase, it is not easy to determine the reason for their shopping habits. However, convenience of location could be used as a reason to explain this shopping behaviour. For example, 14% of the population may only be doing their shopping once a month because they cannot afford to do it more frequently because of the supermarket's location.

Another reason for the differences in the consumers shopping behaviour could be attributable to the type of groceries being purchased. If respondents are buying perishables, for example, they are most likely to buy groceries everyday or once a week, whereas if they are purchasing non-perishable goods, they might only do their shopping once a fortnight or month. Income of respondents could also be a limiting factor on the frequency of shopping behaviour as the respondents income is the residual income from their parents and various bursaries that some individuals hold (refer to section 2.1 p 14). Furthermore, Woolworths is not open for longer shopping hours especially during the weekend and at night and to add to this Woolworths is more expensive when compared to other supermarkets like Checkers and Pick 'n' Pay so this could influence the respondents purchasing behaviour.

Question 4: Please rate your level of agreement or disagreement with the following statements. Use the following information as a guide:

**1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree
5 = Strongly Agree**

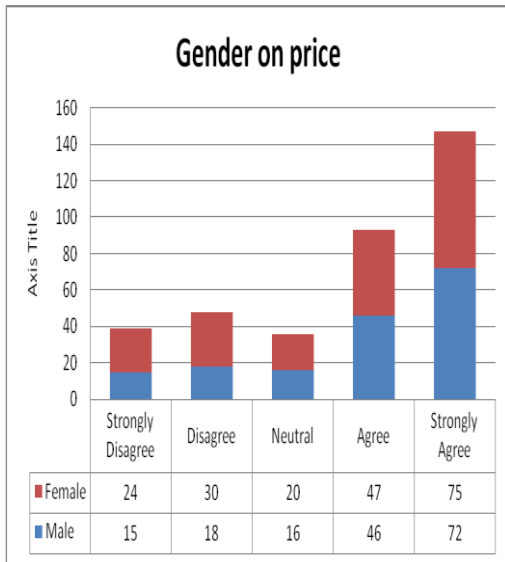
Respondents were asked to rate the level of agreement or disagreement with statements pertaining purchasing of groceries. Across gender, figures 6.3(a), (b) and (c) show the responses across gender.

Comment:

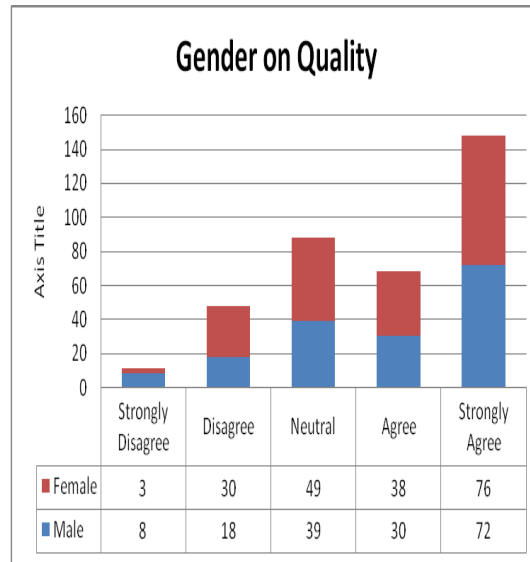
From figures 6.3(a), (b) and (c) above and figures 6.3(d), 6.3(e) and 6.3(f) attached as appendix 1, it is evident that both male and female respondents strongly agreed that they purchase groceries based on price and quality. This could be the case because it is generally assumed that consumers will purchase those products whose price is low as compared to similar products whose price is high. This is supported by Jacoby, *et.al* 1973, McConnell 1968 and Shapiro 1973 (see page 19-20). On the other hand, both male and female respondents agree that they do purchase groceries based on convenience of location and also agree that they like to try alternative brands from time to time. This could be the case due to the fact that shoppers who are more concerned about price are less loyal, with high income groups being more loyal than low income groups as supported by East, *et.al* (2005) (refer to section 2.1 p 14).

Figure 6.3a, 6.3b & 6.3c Showing consumers' response to whether they agree or disagree that price, quality and location are important when purchasing groceries across gender.

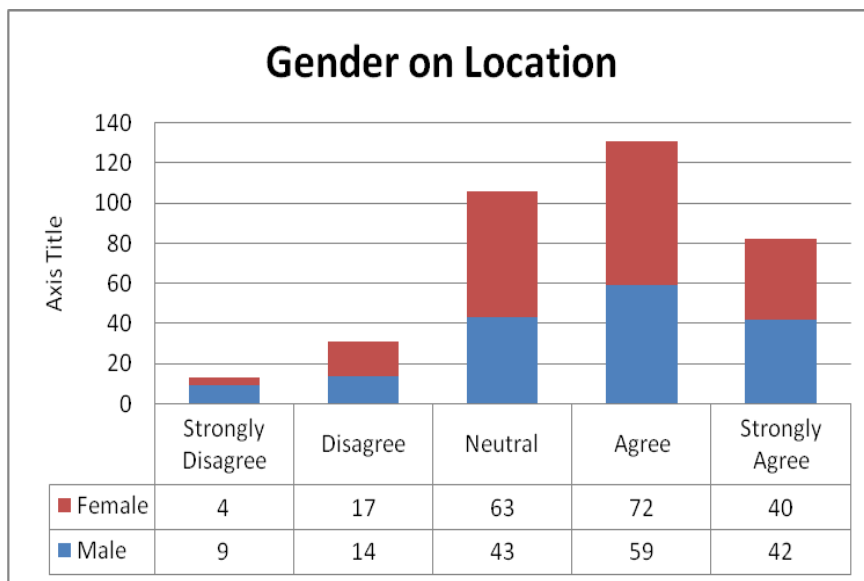
6.3(a)



6.3(b)



6.3 (c)

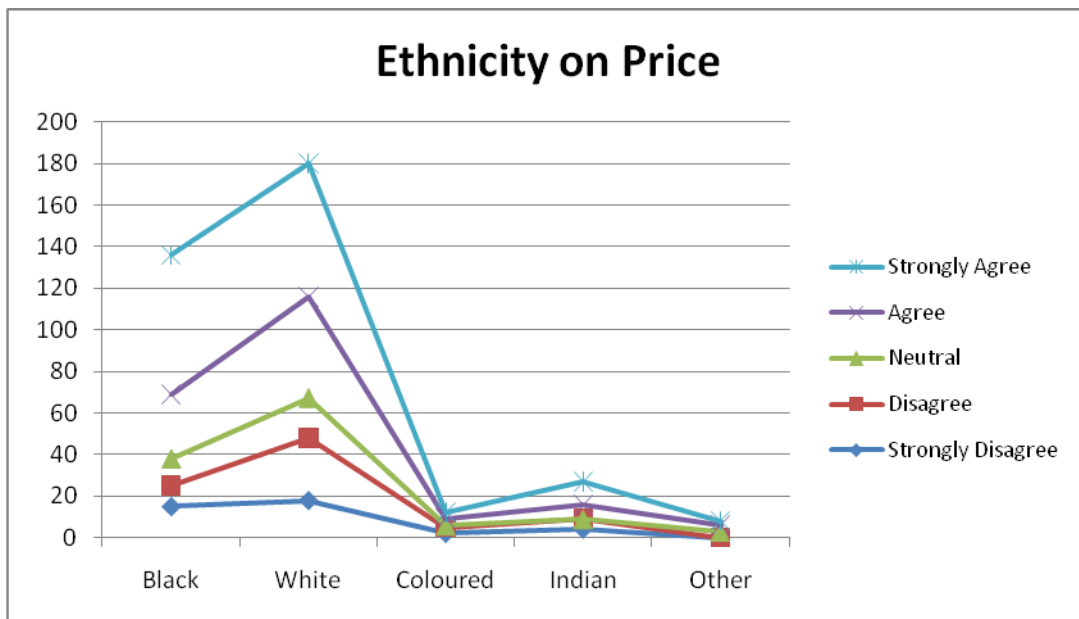


However, across ethnicity, figure 6.4 (a, b & c) (below) and figure 6.4 (d, e & f) (attached as appendix 2) show that the majority of black, white and Indian respondents strongly agreed that they purchase groceries based on price and quality. They also agreed that they like to try alternative brands. This could be the case seeing as the black population group has different

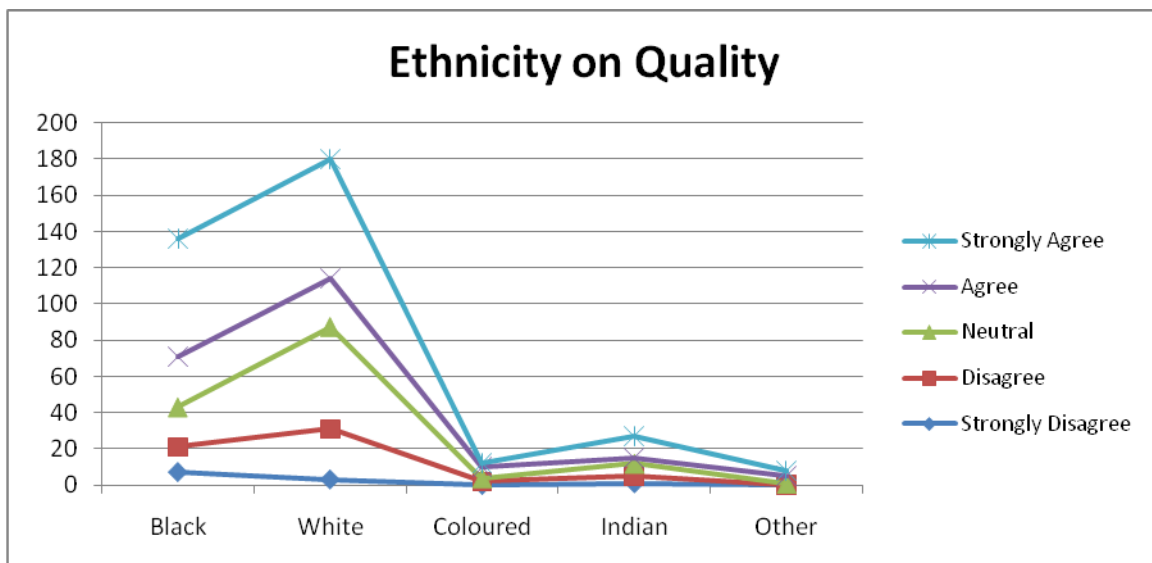
cultural values to the whites, who have different values to Indians. Black societies are seen to be collectivistic, while whites are seen to be individualistic as supported by Lamb *et al* (2008: 85) (refer to section 4.2 p 33).

Figure 6.4a, 6.4b & 6.4c Showing consumer’s responses on the level of agreement or disagreement with statements that pertain the purchase of groceries across ethnicity

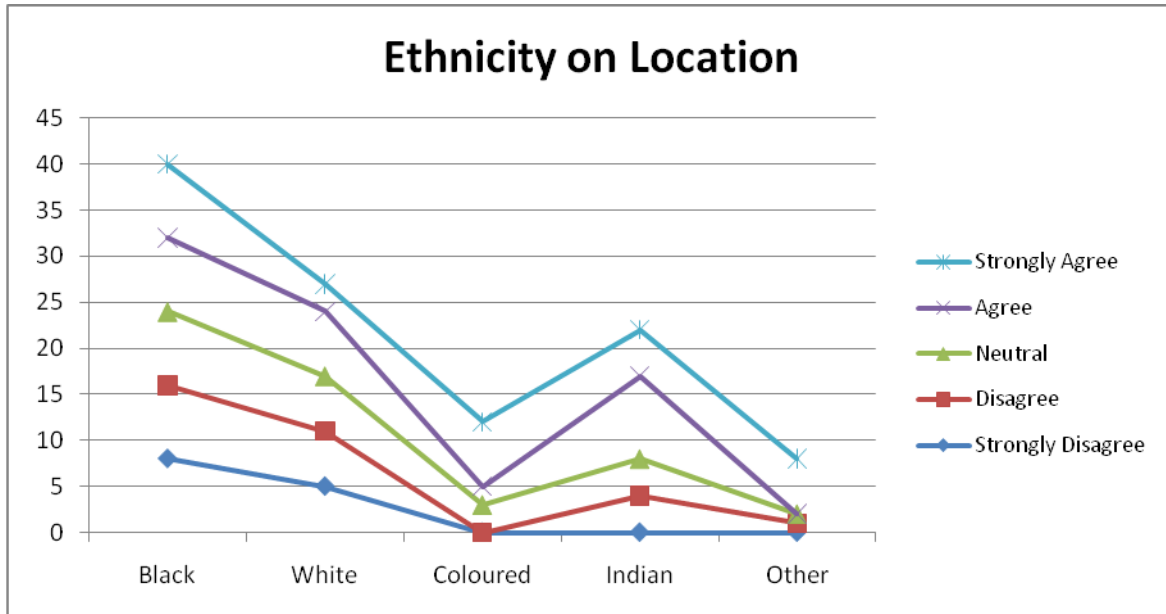
6.4(a)



6.4(b)



6.4(c)



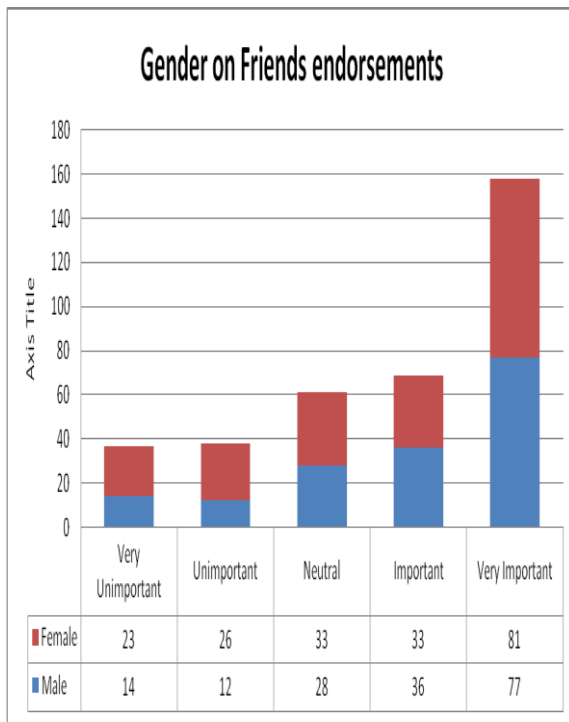
Question 5: Please rate the level of importance of the attributes listed below in terms of their influence when purchasing groceries. Use the following information as a guide:

1 = Very unimportant 2 = unimportant 3 = Neutral 4 = important 5 = Very important

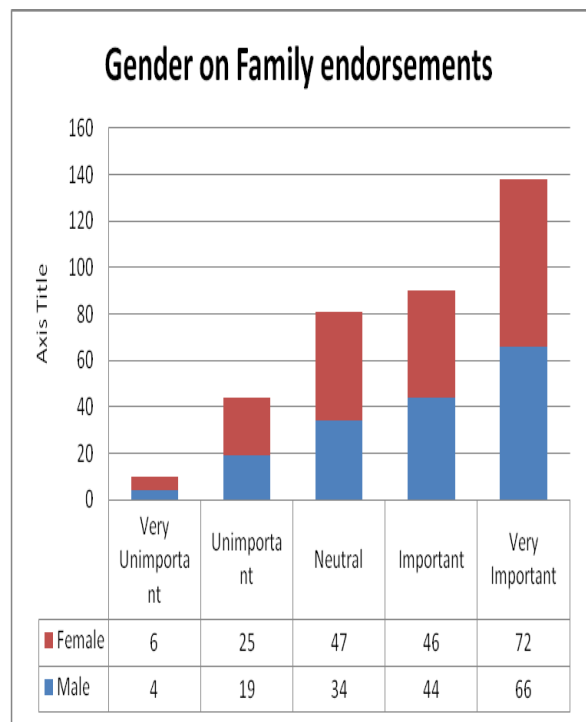
Respondents were asked to rate the level of importance of certain attribute's influence when purchasing groceries. Across gender figures 6.5(a, b & c) below and figures 6.5(d, e & f) attached as appendix 3 depicts their responses across gender.

Figure 6.5a, 6.5b & 6.5c Showing the level of importance of certain attributes in terms of their influence when purchasing groceries across gender.

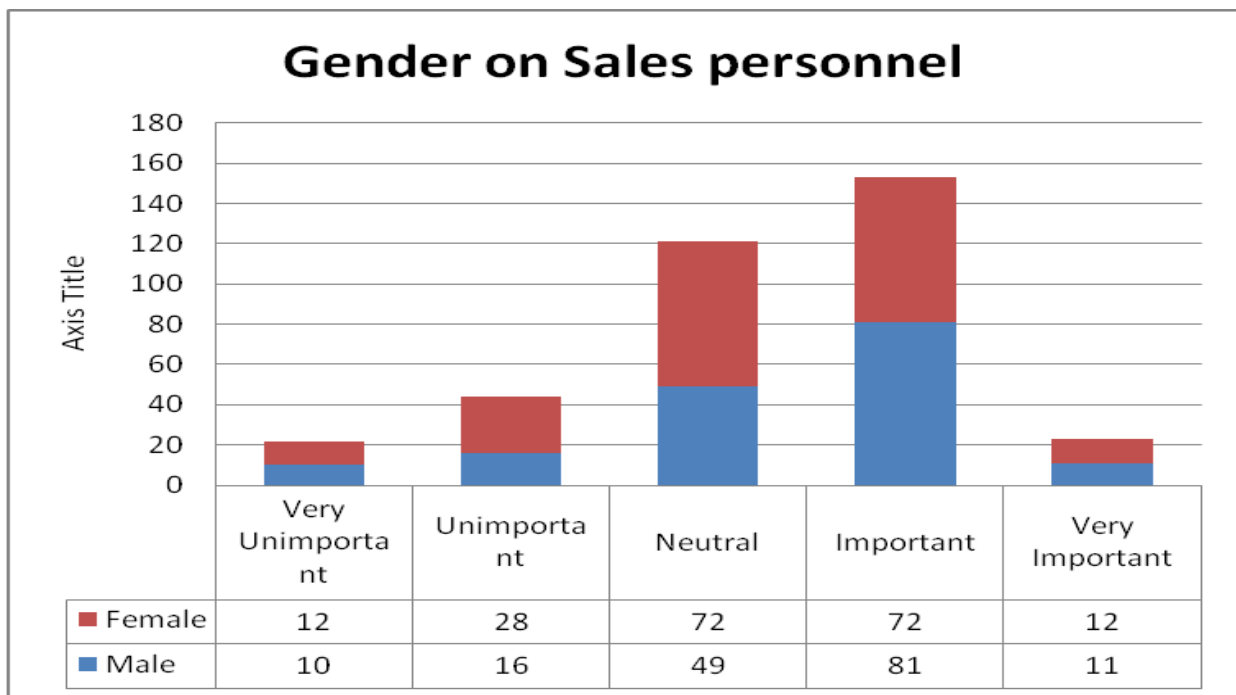
6.5(a)



6.5(b)



6.5(c)



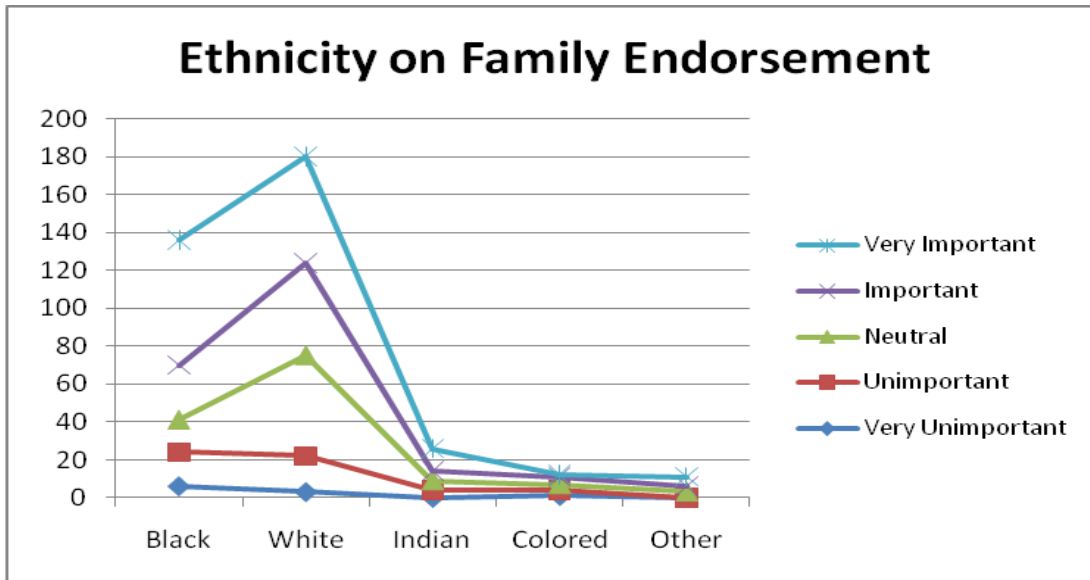
Comment:

From the data gathered, it is evident that both male and female respondents consider friends and family endorsements to be very important, while both groups also consider advertising to be very important. The majority of the male respondents found past experience with brands to be important while the female counterparts found past experience with brands to be very important. The possible reasons for the above could be that both male and female respondents in this case have similar purchasing traits hence the factors that influence their purchasing behavior could be the same. However this goes against what Barletta (2003: 1) stated when she said that “Women and men are not the same, and using the same marketing strategies to reach them means at best a near miss” (refer to section 4.3 p 34). It is therefore important to note that gender and culture are the most important factors to consider when deciding which marketing technique to use when marketing to customers of different genders.

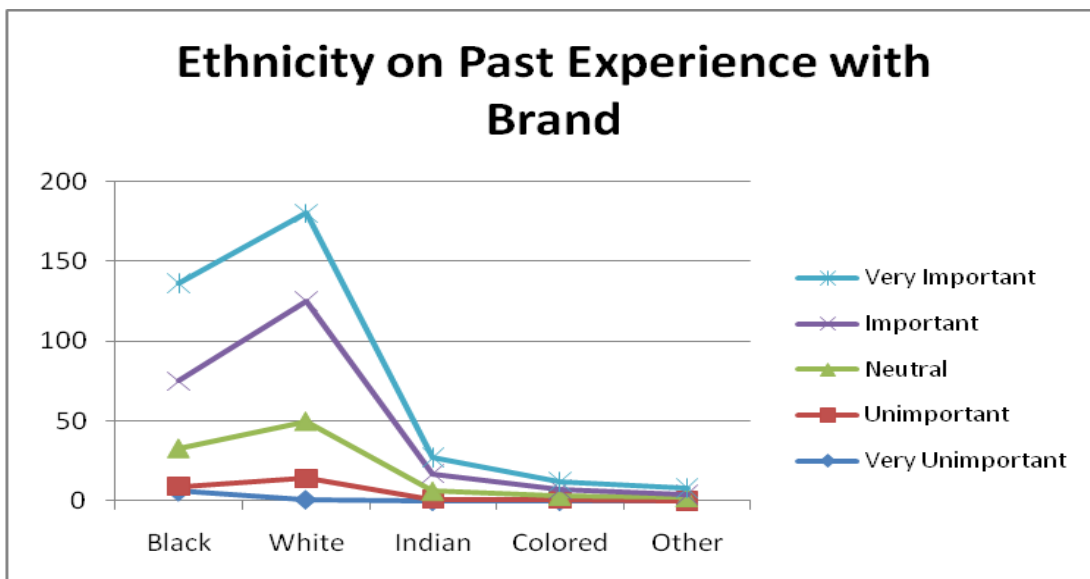
However, figures 6.6(a, b & c) below and figures 6.6(d, e & f) attached as appendix 4, depicts consumers’ responses across ethnicity. The figures show that the majority of the black, white and Indian respondents considered family and friends endorsements to be very important. On the other hand the same group of respondents considered sales and tasters to be important. The majority of the white and Indian consumers considered past experience with the brand as important while most black considered sales and tasters to be very important. The majority of the black and Indian consumers considered advertising to be very important while the white counterparts considered advertising to be important. What this means to retailers and marketers alike is that they need to make use of sales and tasters in marketing their products to the Generation Y consumers and should also be able to appeal to the friends and families of these consumers seeing as they consider friends and family endorsement to be very important.

Figure 6.6a, 6.6b & 6.6c indicating the level of importance of certain attributes in terms of their influence when purchasing groceries across ethnicity.

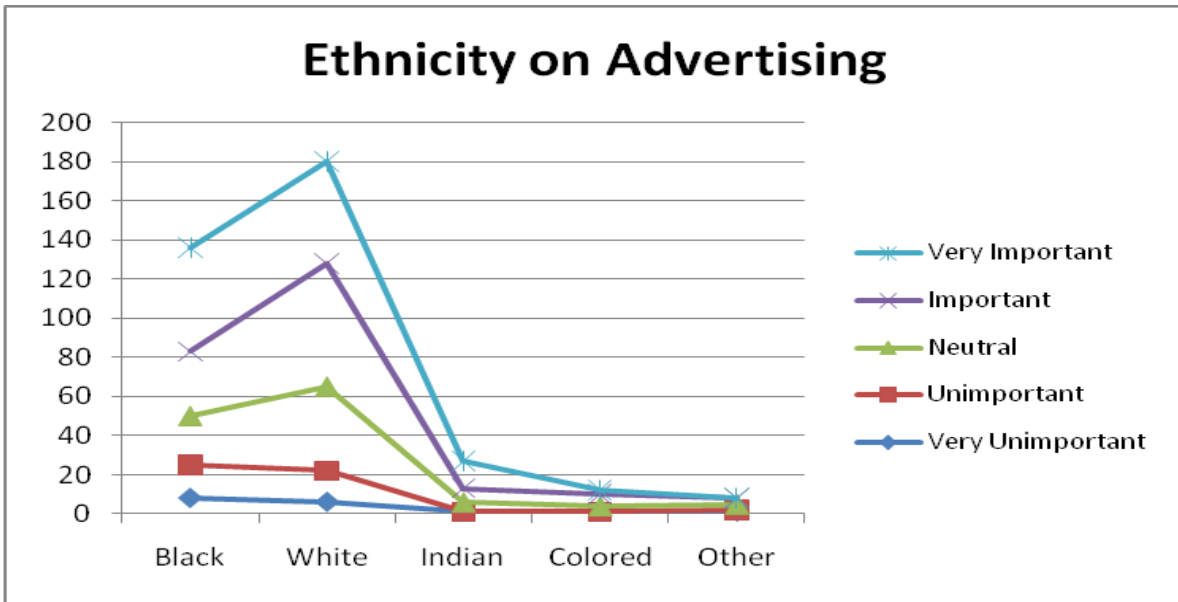
6.6(a)



6.6(b)



6.6(c)



Question 6: When you visit a retailer is it important to you that specific brands are offered at that store? For example do you choose one store above another based on the availability of your preferred brands?

The respondents were asked whether it is important that specific brands be offered at stores they frequently purchase groceries from. The responses are depicted in Figure 6.7 below.

Figure 6.7 Showing whether or not it is important to consumers for specific brands to be offered at a store they shop from.

Response	Average	Total
Yes	90%	328
No	10%	35
Total	100%	363/363

Comment:

The results revealed that 90% of the respondents were in favor of the response of Yes, whilst 10% (35 consumers) said No. From the data gathered, it can be noted that consumers select a retailer to purchase from based on the conviction that they can find most, if not all, of the product brands they prefer or are willing to purchase in-store. This is only logical as it is unlikely that consumers will visit a retailer who does not stock their preferred brands. It is therefore important that retailers have the specific brands in stock seeing as it is evident that majority of the consumers in this sample prefer specific brands to be offered in the grocery stores from which they purchase from regularly. It can therefore be concluded that 90% of the respondents are somewhat, brand loyal while 10% can change the choice of product as they have shown no preference to particular product brands. However, this is inconclusive as previous studies have shown that low income earners (students) are less brand loyal than high income earners, and that older people are more loyal than younger ones. (refer to section 2.1 p 14).

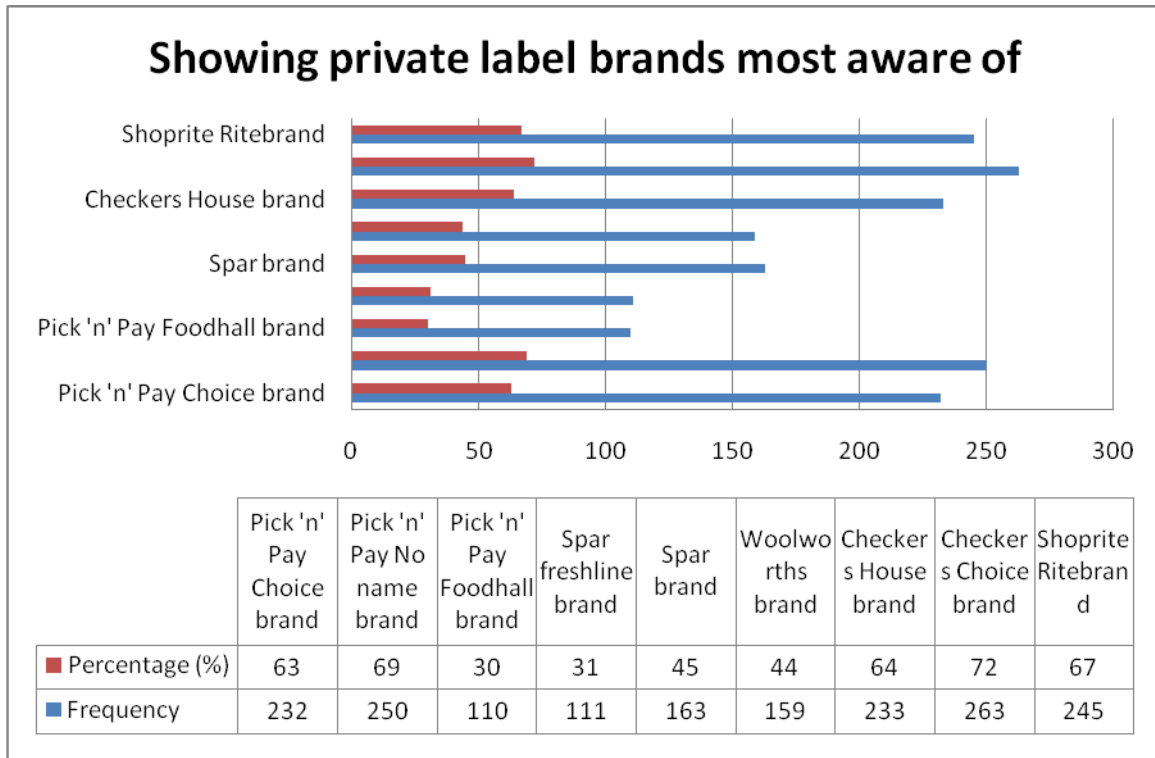
6.2.3. Section B: Private Label brands

Section B comprised of five-point likert type questions whereby respondents were required to rate their responses on a scale of 1 – 5. The questions in this section were aimed at determining the consumer's perceptions of private labels. 1 represented strongly disagree or very unimportant while 5 was strongly agree or very important with reference to certain aspects pertaining to private labels and private labeled products. Questions and responses from this section of the questionnaire are analyzed below.

Question 7: Please indicate which of the following private label brands you are aware of. More than one choice may be selected if necessary.

Respondents were asked to indicate those private labels with which they were familiar with. The responses are shown in Figure 6.8 below.

Figure 6.8 Showing the responses from consumers on private label brands they are aware of.



Comment:

The responses from customers in the sample study relating to private label brands they are aware of showed that 64% of the total number of customers sampled acknowledged being aware of the Pick ‘n’ Pay Choice brand, 69% accounted to being aware of the Pick ‘n’ Pay No Name brand and only 30% of the population sampled were aware of Pick ‘n’ Pay’s Foodhall private brand. Foodhall brand was the least popular because it was recently discontinued (Pick ‘n’ Pay, 2010) and therefore some of the respondents might not have been familiar with it.




31% of the total customers sampled agreed to knowledge of the Spar Freshline private brand whilst 45% conceded to being aware of the Spar private brand. As shown earlier on in the research, Spar supermarkets were not very popular amongst the respondents and this could be the possible reason for the low results in relation to the popularity of its private label brands. Furthermore, this might be the same reason why only 44 % of the total customers sampled accounted to knowing the Woolworths private brand.

Shoprite Ritebrand private brand recorded a consumer awareness of 67%. Checkers supermarket private brands appeared to be the most common and popular in this section as most respondents from the sample study conceded to knowing their brands. 64 % of the total sample of consumers acknowledged awareness of the Checkers House brand private brand whilst 72 % of the total respondents sampled were aware of the Checkers Choice private brand. The reason for these high results could be that the proximity of most Checkers retail stores (and/ Pick ‘n’ Pay) to the various university campuses is closer compared to the other retail stores. For example, in Grahamstown, where Rhodes University is located, Checkers and Pick ‘n’ Pay supermarkets are both located within a 500m radius from the university gate. What this therefore means is that more students would be accustomed to Checkers private brands than those of Woolworths or Spar which are located further from campus.

Question 8: Please indicate whether you purchase private label products.

Respondents were asked to indicate whether or not they purchased private labeled products. The pictorial presentation below shows the responses they gave.

Figure 6.9 Responses to whether consumers purchase private label products.

Response	Average	Total
Yes	 95%	345
No	 5%	18
Total	 100%	363/363

Comment:

Upon investigating if consumers from the sample purchased private labeled brands, 95% of the total number of respondents revealed that they do purchase private labeled brands whilst 5 % of the total sample responded that they do not purchase private labeled products from any of the supermarkets in the sample study. The reason for this distribution could possibly be that the 5% that do not purchase private labels assume that private labeled products are of less quality as compared to national brands and hence carry more risk. Therefore, these

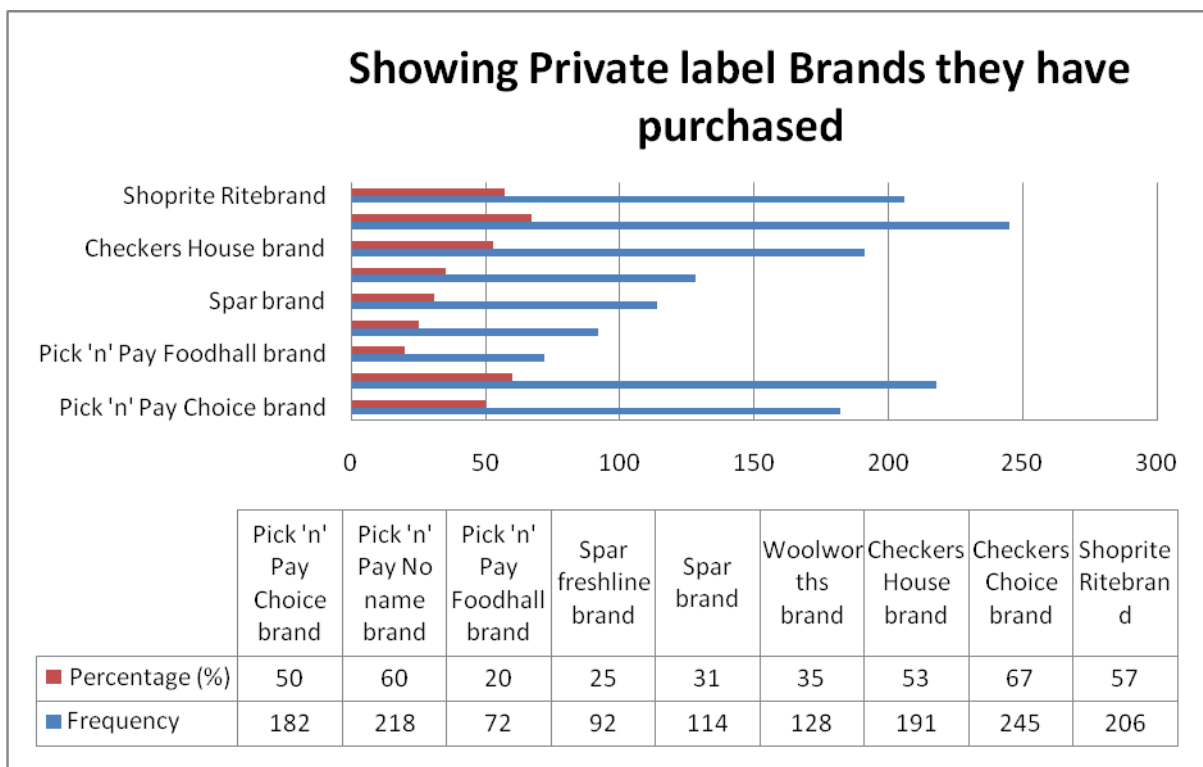
respondents would rather opt to purchase national brands to be 'safe' when faced with a decision of choosing between the two.

However, seeing that 95% of the respondents stated that they purchase private labels, this could mean that they view private labeled products to be the same as national branded products in terms of quality and satisfaction received from consumption. It is therefore important for retailers and marketers alike to note that this group of consumers generally understands the branding concept of private label branding and should continue to market the various brands so as to eradicate the misconception that private label brand are inferior to national brands.

Question 9 Please indicate which of the following private label brands you have purchased? More than one choice may be selected if necessary

Respondents were asked to indicate which private labels have they ever purchased. Figure 6.10 below represents the results obtained for this enquiry.

Figure 6.10 Showing responses of which private label brands they have purchased



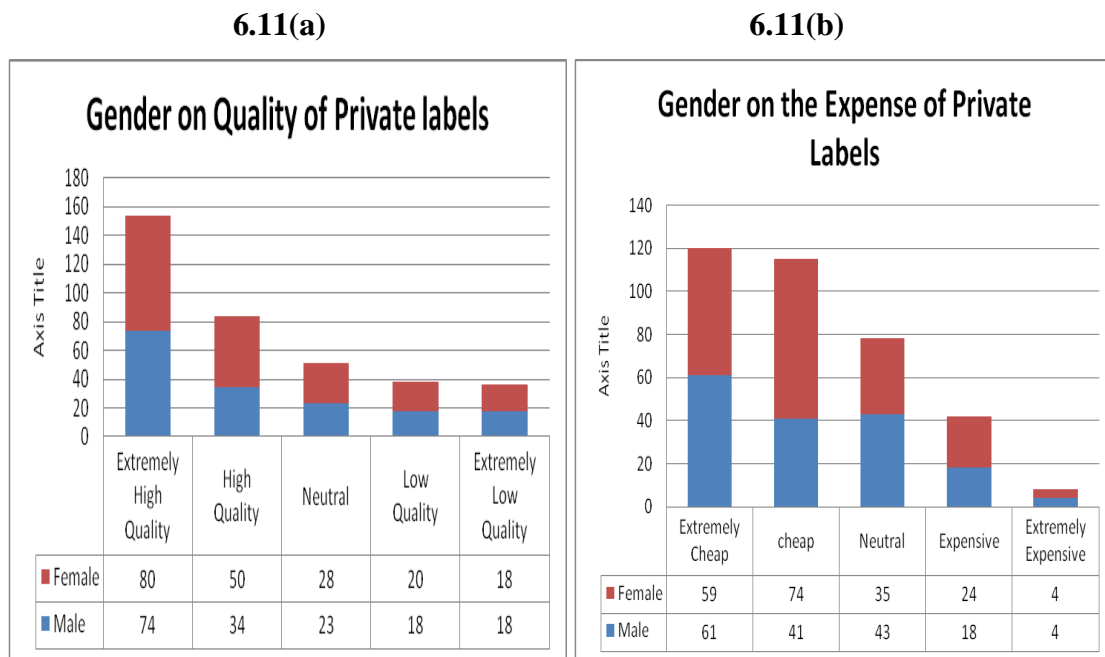
Comment:

From figure 6.10 above, it shows that Checkers Choice brand was the most commonly purchased private label brand with 67% of the sampled population selecting it. Pick ‘n’ Pay No Name brand and Shoprite Ritebrand were also common with 60% and 57% of the respondents selecting them respectively. On the other hand, Pick ‘n’ Pay Foodhall brand and Spar’s Freshline brand were the least common with 20% and 25% of the respondents selecting them respectively. The reason for this could be that Foodhall brand was recently discontinued (Pick ‘n’ Pay, 2010) and therefore some of the respondents might not have been familiar with it (refer to section 6.2.3 p 64).

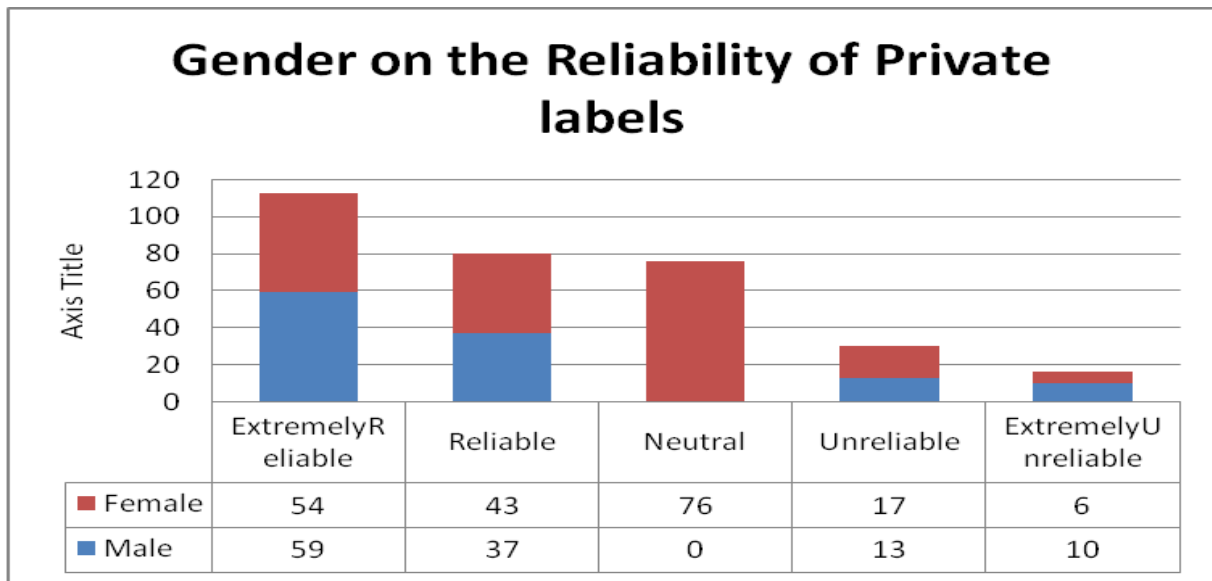
Question 10 Please rate private label brands on the following scale from 1 to 5. For instance, if you feel that private label brands are of an inferior quality, circle 5 on the first option.

Respondents were asked to rate private labels on a five-point likert scale. Across gender, figures 6.11(a, b & c) below and figures 6.11(d & e) attached as appendix 5 show these responses across gender.

Figures 6.11(a, b & c) showing the rating of private label brands by respondents across gender.



6.11(c)



Comment:

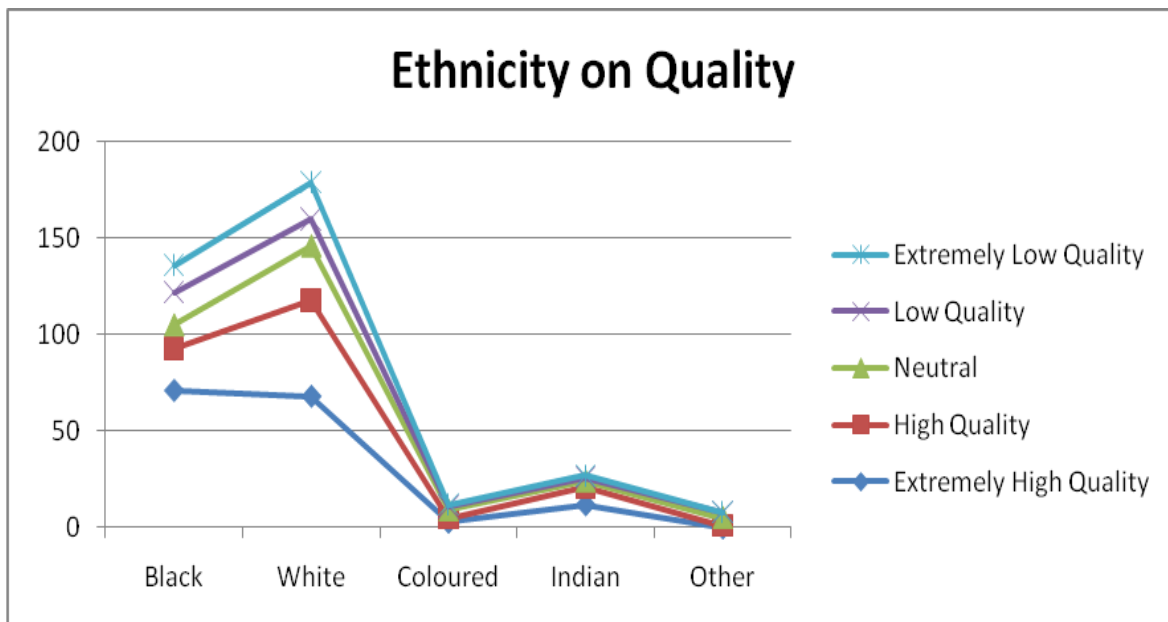
From figures 6.11(a, b & c) above and figures 6.11(d & e) attached as appendix 5, it shows that the majority of both male and female respondents considered private label products to be of extreme quality, to be extremely cheap and extremely easy to find in the store. The majority of male respondents found private label products to be extremely reliable but extremely unattractive while the majority of the female respondents found them to be reliable and unattractive. A minority of the respondents, both male and female, found private label products to be unreliable. What then this means to marketers and retailers is that private label branding can provide important opportunities for retail differentiation if they are considered by consumers to be uniquely associated with store image, cheap and reliable (Collin-Dodd and Lindley, 2003) (refer to section 2.3.1 p 17). Based on the results, marketers and retailers should focus on improving the appeal of private label brands, i.e. their attractiveness.

However, across ethnicity, figures 6.12(a, b & c) above and figures 6.12(d & e) attached as appendix 6, depicts consumers' responses across ethnicity. The figures show that the majority of the black, white and Indian respondents considered private label products and brands to be extremely cheap, reliable and easy to find in the store. On the other hand the majority of all the respondents across all ethnic groups agreed that private labeled products are extremely unattractive.

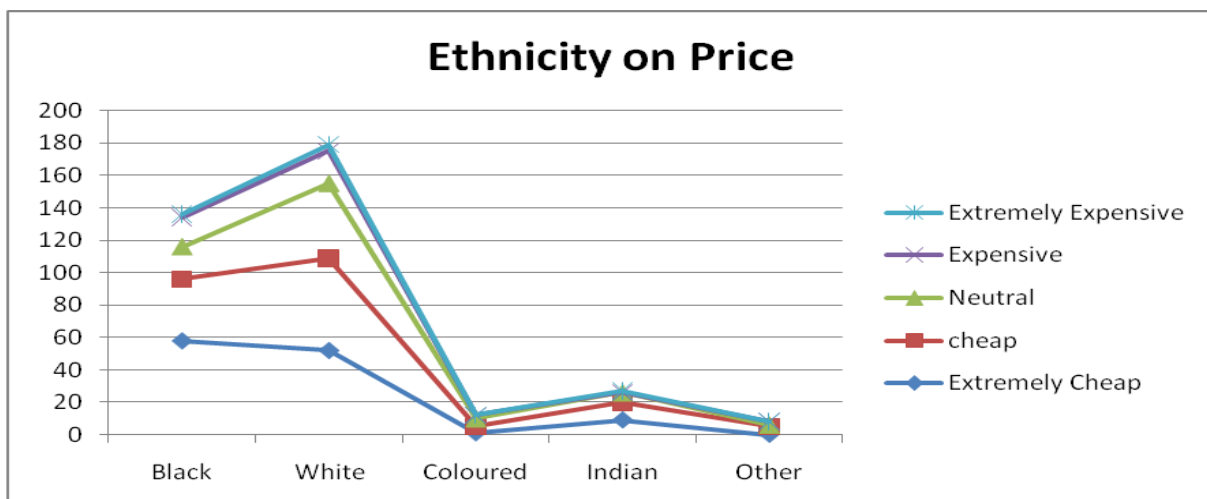
A minority of all ethnic groups considered private label brands to be extremely expensive, extremely unreliable and of extreme low quality. The reason for this could be that seeing as private labels now account for “one of every five items sold every day in South African supermarkets (Kelly-Holmes, 2005:32)(refer to section 2.3 p 15-16), this could mean that consumers find them to be of same quality and of the same or lesser price as compared to the national brands and find them to possess less or at least similar levels of risk with the national brands.

Figure 6.12 (a, b & c) Showing the rating of private label brands by respondents across ethnicity.

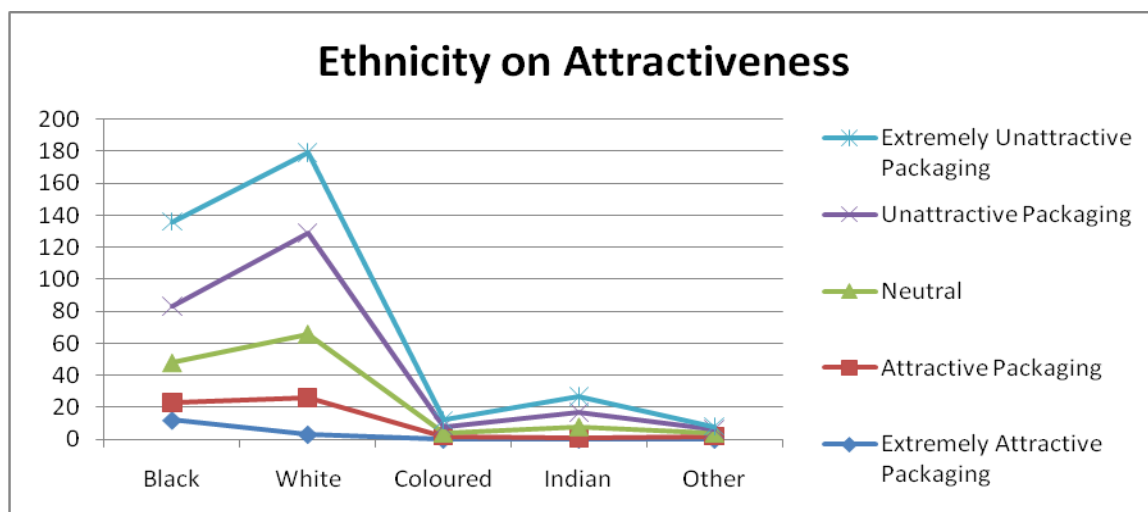
6.12(a)



6.12(b)



6.12(c)



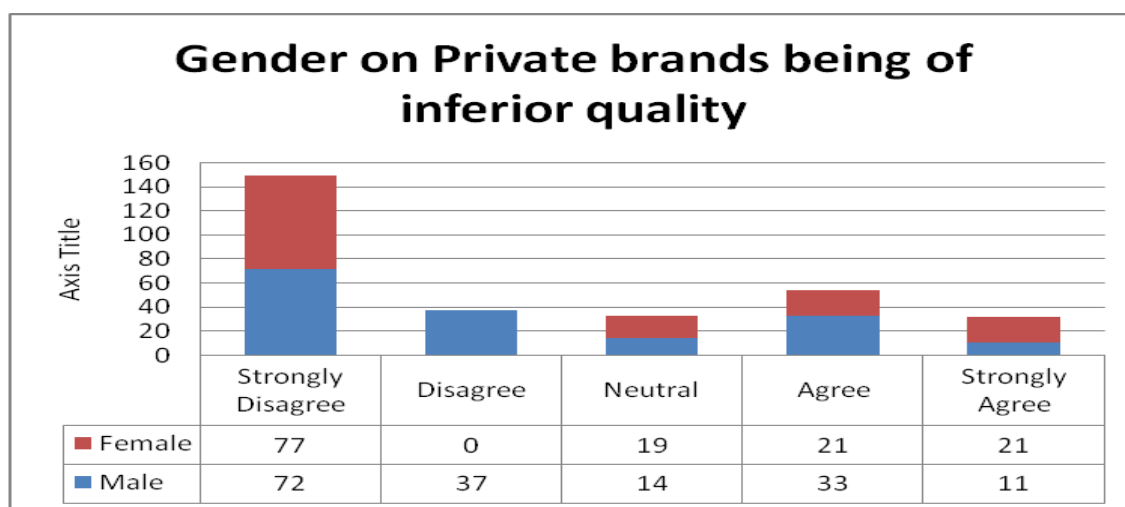
Question 11 Please rate your level of agreement or disagreement with the following statements pertaining private label brands:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

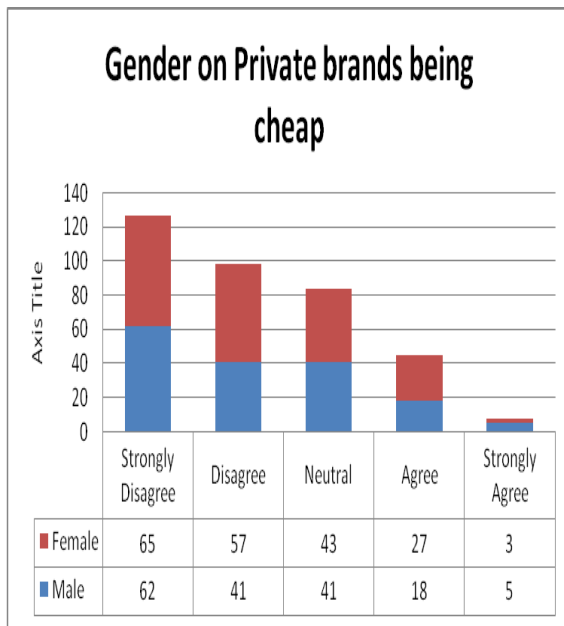
Respondents were asked to rate their level of agreement or disagreement with certain statements regarding private labels. Across gender, figures 6.13(a, b & c) below and figures 6.13(d & e) attached as appendix 7 show these responses across gender.

Figure 6.13(a, b & c) Showing consumers' responses on level of agreement or disagreement with statements pertaining private label brands across gender

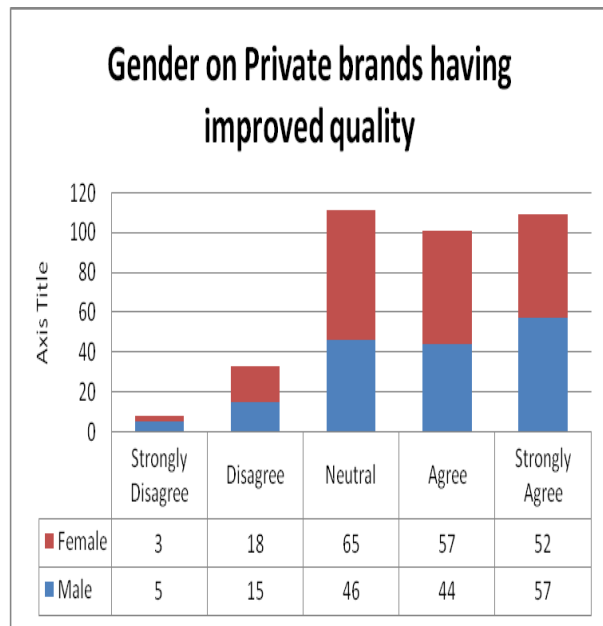
6.13(a)



6.13(b)



6.13(c)



Comment:

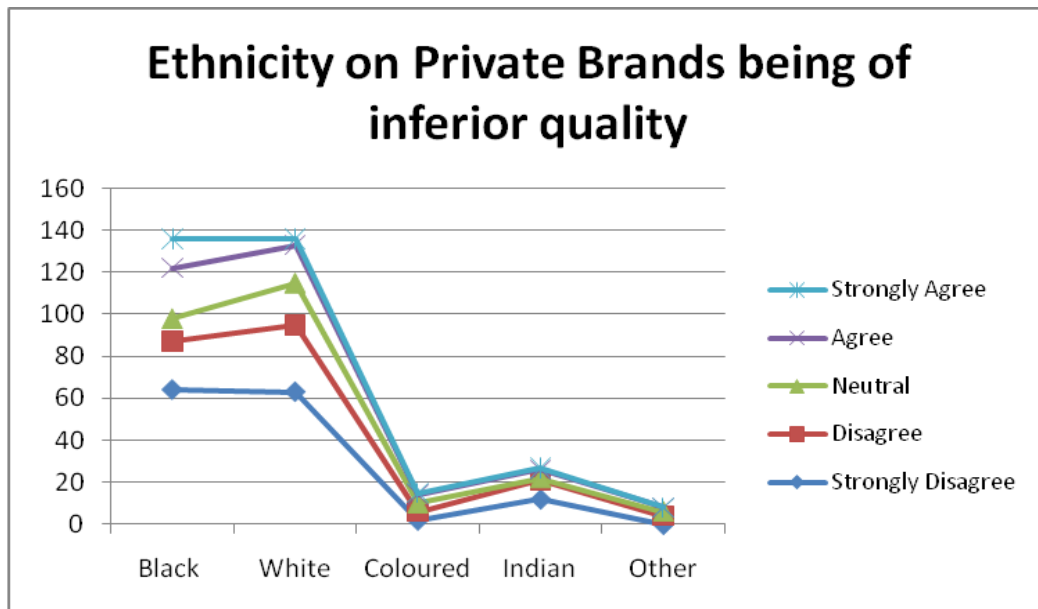
From figures 6.13(a, b & c) above and figures 6.13(d & e) attached as appendix 7, it shows that the majority of both male and female respondents strongly disagree that private label brands are inferior quality alternatives to other brands. The majority of both male and female respondents strongly disagree that private label brands are cheap because they offer poor quality. The majority of male respondents found private label products to have improved quality while female respondents were neutral on this. Both male and female respondents generally agree that private labels offer value for money. The reason for the above trend could be that both male and female respondents consider private label brands to be of quality and could be seen as brands that can compete in the market with national brands. This therefore means marketers should use the same, or even more advanced strategies to market these brands so as to shake off competition from national brands. Advanced marketing strategies could range from using more engaging marketing strategies as the Generation Y consumer group is said to be dynamic and always on the go. Generation Y generally reject advertising that they deem to be untruthful or as they say, "in-your-face" advertising (Marsland, 2008: 1) (refer to section 3.3 p 28).

However, across ethnicity, figures 6.14(a, b & c) below and figures 6.14(d & e) attached as appendix 8, depicts consumers' responses across ethnicity. The figures shows that the majority of the black, white and Indian respondents strongly disagree that private label

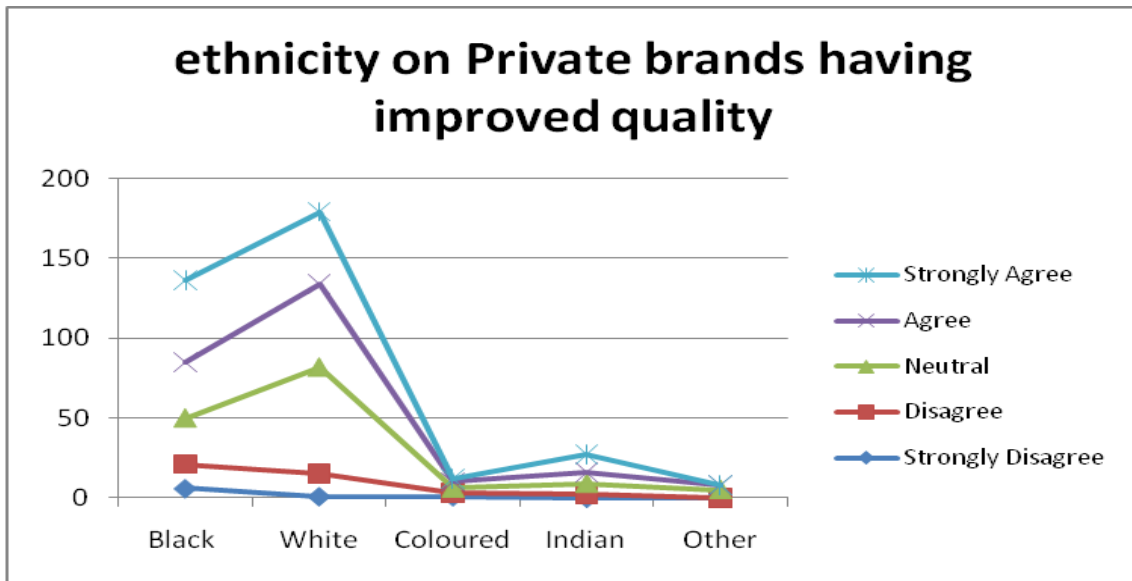
brands are inferior quality alternatives to other brands and they also strongly disagree that private label brands are cheap because they offer poor quality. The majority of the white respondents were neutral about whether private label brands have improved quality while the majority of the black respondents strongly agreed that private label brands have improved quality. All ethnic groups strongly agree that private label brands offer value for money and are neutral about private label brands having more risk associated with them. What then this means therefore is that, seeing as private label are generally considered by the majority of all ethnic groups to offer value for money, consumers will be willing to pay the price for them so markets should use this to their advantage and price their private labeled products in such a way that they get their products worth. However, care should be taken when pricing these products as the majority of these particular consumers are price conscious when purchasing groceries (refer to section 6.2.1 p 35).

Figure 6.14 (a, b & c) Showing consumers’ responses on level of agreement or disagreement with statements pertaining private label brands across ethnicity.

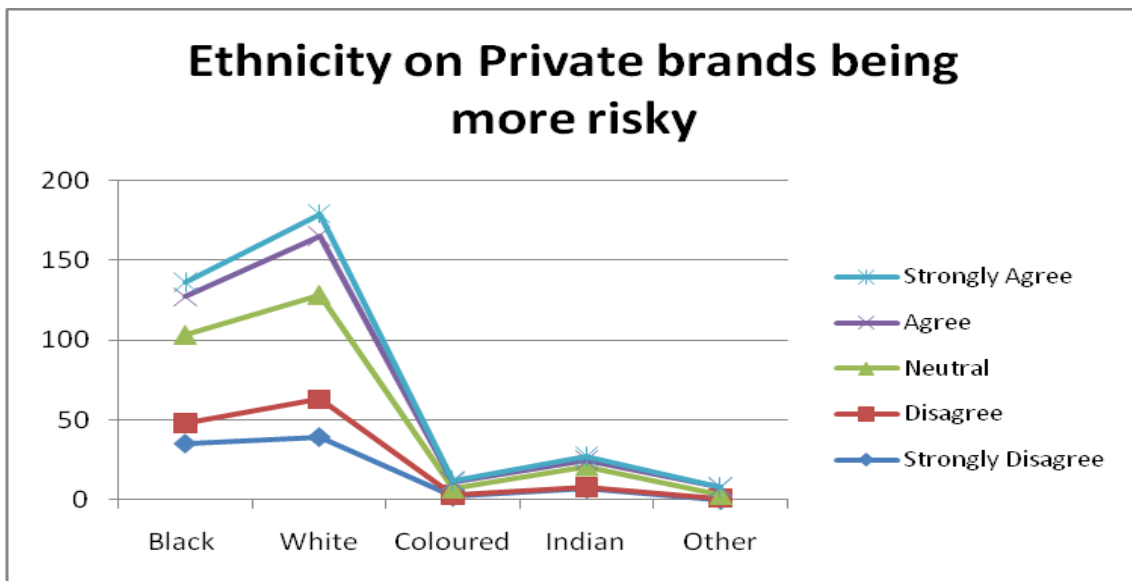
6.14(a)



6.14(b)



6.14(c)






6.2.4 Section C: Advertising and Promotions

Section C comprises of questions that deal with the advertisement and promotion of private label products. The questions in this section were aimed at determining the impact of advertising and promotion of private labeled products on consumer purchasing behavior of groceries. Questions and responses from this section of the questionnaire are analyzed below.

Question 12: Please indicate whether you have seen private label brands being advertised

Respondents were asked to indicate whether or not they have come across any sort of promotion or advertisement relating to any of the private labeled products in the sample study. The results of this question are depicted in figure 6.15 below.

Figure 6.15 Showing the responses on whether consumers have seen private label brands being advertised

Response	Average	Total
yes continue	 97%	351
no skip to question 14.	 3%	12
Total	 100%	363/363

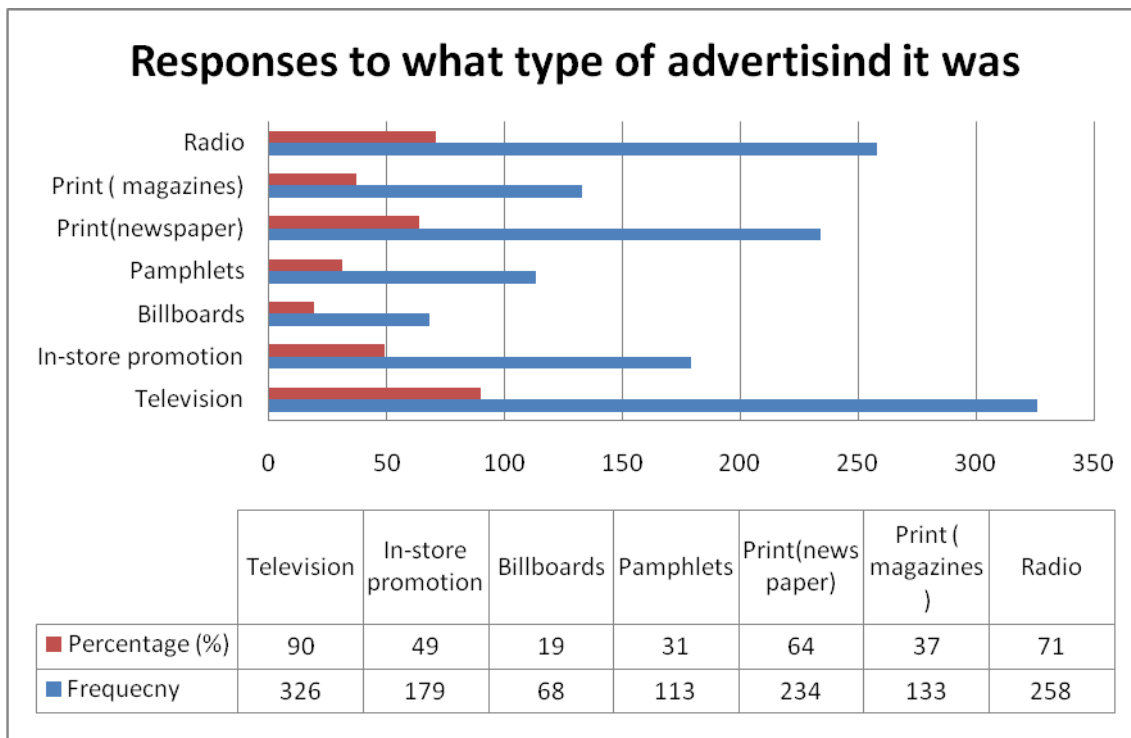
Comment:

In the response to whether the respondents had seen private labeled brands being advertised, 97% of the total number of consumers in the study verified that they had seen adverts of private label brands by the various supermarkets holding them. On the other hand, 3% of the total sample of consumers responded that they had not seen any adverts by the supermarkets in the study advertising their private brands. This shows that private label brands are generally well advertised seeing as almost all the respondents have seen the brands being advertised. This could be true mainly due to the various forms of advertising available to retailers for use and the availability and accessibility of the advertising mediums to the respondents.

Question 13: Please indicate what type of advertising it was. More than one choice may be selected if necessary

Respondents were asked to indicate what type of advertising it was in which they had seen a private label being advertised. Figure 6.16 below depicts this information.

Figure 6.16 Showing consumers' responses on what type of advertising it was



Comment:




From figure 6.16 above, it can be noted that 90% of the respondents stated that the advertisements they saw were on television, while only 19% vowed that the advert they had seen was a billboard one. A possible reason for this wide dispersion in results could be that a large number of respondents, 326 out of a total of 363, have access to a television set either at their homes or in the communal areas of the universities such as residences or dining rooms. Billboards were the least popular possibly for the reason that billboard advertisements are mainly found on the highways, whereby they are designed to catch a person's attention and create a memorable impression very quickly, leaving the reader thinking about the advertisement after they have driven past it. However, not many of the respondents travel on major highways to enable them to notice the billboard adverts resulting in only 19% of the sample acknowledging having seen a billboard advert on private label brands.

Other high ranking media were radio and newspaper adverts which were affirmed by 71% and 64% of the respondents, respectively. Newspapers adverts for private labels are probably equally popular as the respondents might encounter them frequently whilst reading the newspapers to which they have unlimited access via the university libraries.

Question 14: Did this advertisement persuade you to try the product or brand being advertised?

Respondents were asked to provide information on whether the advert on private labeled brands they had seen had persuaded them to try the product or brand being advertised. The results are depicted in figure 6.17 below.

Figure 6.17 Shows responses on whether the advert persuaded the respondents to try the product or brand being advertised

Response	Average	Total
Yes	 82%	298
No	 18%	65
Total	 100%	363/363

Comment:

From figure 6.17 above, it is evident that 82% (298 consumers) of the respondents were swayed by the adverts they saw into purchasing private labeled brands, whilst 18% (65 consumers) were not influenced by the advert they saw. The 298 respondents most probably found the advert appealing and enticing which triggered the purchase of private labeled brands. 18% of the total consumers in the sample might not have been persuaded to try private label brands because they probably never saw private label brands being advertised and hence cannot necessarily say that the advert persuaded them into purchasing any products. Moreover, it could also be due to the fact that the advert might not have been very appealing to them such that it failed to make an impact on their purchasing behavior.

From the above data, it can be noted that advertising has the power to influence the shopping behavior of consumers as is shown by the 82% who purchased private labeled brands because they had been convinced to do so by an advertisement. However, retailers and marketers still have to continue with their advertising campaigns so as to win over the 18% that were not persuaded to try private labeled brands.

Question 15: Please rank the following advertising/promotion methods in terms of which you believe would be the most effective in relaying the benefits of private label brands. You may not use the same number twice in any other row. 1= the most important and 9 = least important. Please select one number from each row.

Respondents were asked to provide information on advertising/promotion methods in terms of which they believed would be the most effective in relaying the benefits of private label brands.

Figure 6.18 Showing consumers’ responses on advertising/promotion methods in terms of which they believe would be the most effective in relaying the benefits of private label brands

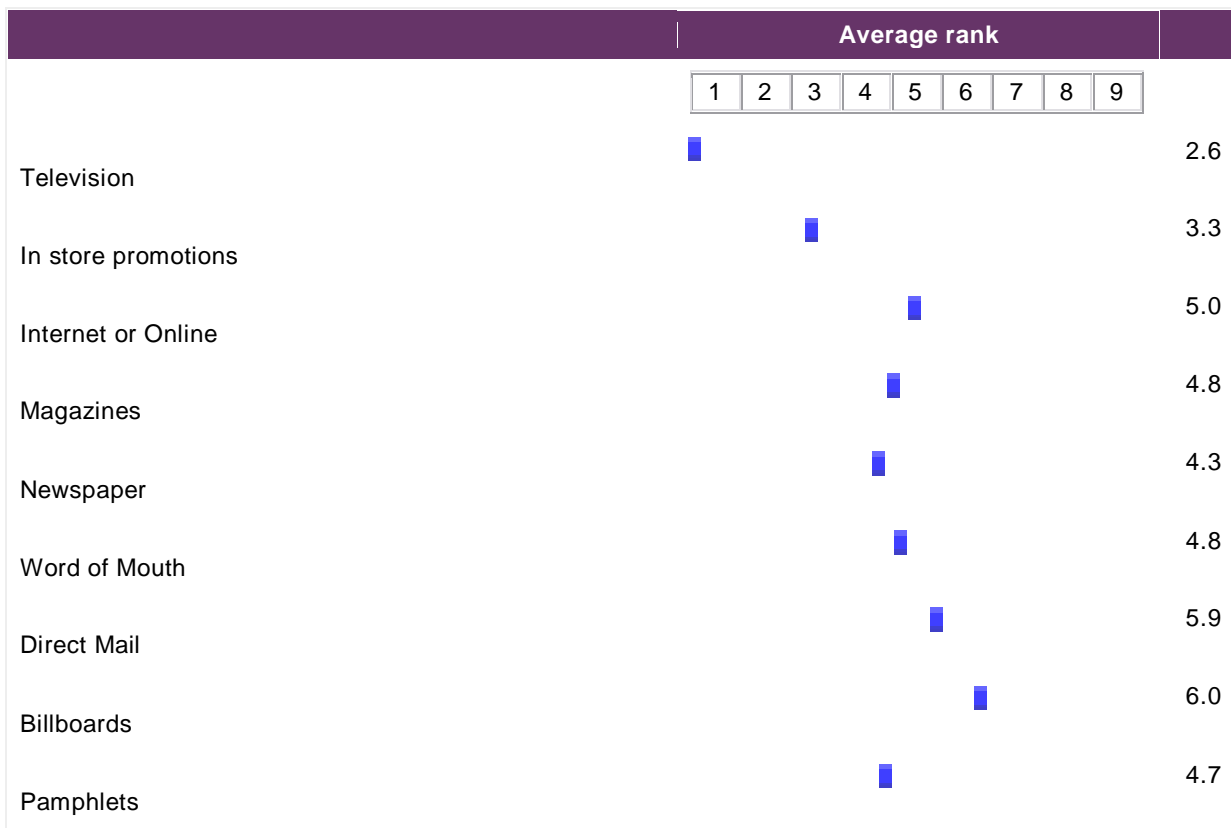


Table 6.2 Showing the overall rankings of the advertising methods in terms of which they believe would be the most effective in relaying the benefits of private label brands

<u>Advertising Medium</u>	<u>Overall Ranking</u>
Television	1
In store promotions	2
Newspaper	3
Pamphlets	4
Word of Mouth , Magazines	5
Internet or Online	7
Direct Mail	8
Billboards	9

Comment:

From Table 6.2 above, which summarizes the results in Fig 6.18, it is evident that respondents believed television advertisements to be the most effective method of advertising. This could be attributed to the fact that most of the respondents have televisions or access to one, and are bound to be familiar with most adverts that are screened on the TV. Television adverts are probably most preferable in relaying benefits of private label brands because they are done in-between television shows and consumers are likely to listen to the adverts and learn the benefits of private label brands. TV adverts are practical as the product use can be demonstrated, the results or product use can also be simulated e.g., before and after effects of using a certain product.

In-store promotions were ranked as the 2nd most effective means of promoting private label brands. A reason for this ranking can be that consumers generally prefer to have some insight on particular brands of goods before they purchase that good. In-store promotions thus accord them the opportunity to ask questions about the brand or receive samples to try out before making a purchase.

Table 6.2 reveals that the 3 least preferred advertising media are the internet, direct mail and billboards respectively. Possible reason why these three methods of advertising are not as

effective as the others include the fact that very few grocery stores advertise their private labeled brands online and consumers also do not access the internet to view adverts for groceries. Direct mail may not be preferred as it is a slow means of communicating and also because of advances in technology; very few people still use postal services as a means of communication. Billboards are the least effective means of promoting private label brand, according to the respondents in the sample, possibly because they are difficult to conveniently locate (mostly found on highways) and hence will have little impact on consumers.

6.4 SUMMARY

The results of the data gathered from the questionnaires have assisted the researcher to reach certain conclusions on formulated objectives hypotheses. Through these results, the researcher discovered Generation Y consumers are indeed a significant part of the consumer population and are generally aware of the existence of private labels. It was further discovered that Generation Y consumers purchase groceries based on price and quality, meaning price and quality are very influential when purchasing groceries. In this study, it was discovered that the packaging of, generally, all private label brands was not attractive hence a conclusion was made that packaging of private labeled products does not influence Generation Y's purchasing behavior of private labels but advertising of private labels was considered important by this consumer group.

The next chapter will focus on the conclusions and recommendations of the study and will suggest areas for further research. Conclusions related to the research proposition will be discussed. Furthermore, recommendations will be provided and finally the chapter will examine the areas for further research.

**CHAPTER SEVEN:
CONCLUSIONS,
RECOMMENDATIONS AND
AREAS FOR
FURTHER RESEARCH**

7.1 INTRODUCTION

The purpose of this study was to investigate the perceptions of students from Eastern Cape universities on private labels of selected grocery stores. The research sought to investigate the general perceptions of the generation Y consumers of these private label products of selected grocery retail stores. Consequently the purpose of this research was to ascertain if generation Y consumers purchase private label products because of their price, quality, packaging, advertising, awareness and positioning. Lastly, this research also sought to determine whether age, gender and ethnicity (demographic variables) are influential as far as consumer perceptions of private labels are concerned. The conclusions drawn from the investigation are presented below

7.2 CONCLUSIONS

From this study, it was noted that Generation Y consumers are indeed a significant part of the consumer population and that they represent a confident, self reliant, optimistic and positive generation and are verbally and visually more sophisticated, creating a whole new language through digital media. This is due to the fact that private label brands played a significant role in their purchasing behavior. It was also noted that to reach this challenging market, a marketer needs to understand the Generation Y's shift in values and must attempt to capture their attention by bringing their messages to the places that these consumers congregate. The marketing attempts need to be funny, quirk, almost indirect with the idea being to allow the consumer to stumble onto the brand in unexpected places.

It was also concluded from the study that Generation Y consumers are generally aware of the existence of private labels. This conclusion was reached at by asking question seven above. It was noted that private labels such as Checkers Choice brand and Pick 'n' Pay No were very much known by the respondents while Spars Freshline brand and Pick 'n' Pay's Foodhall brand were least known by the respondents. The possible reasons for the above could be that the proximity of most Checkers retail stores and/or Pick 'n' Pay to the various university campuses is closer compared to the other retail stores.

It was further concluded that generally, Generation Y consumers purchase groceries based on price and quality, meaning price and quality are very influential when purchasing groceries.

This was the same conclusion across both gender and ethnicity. This could be the case because it is generally assumed that consumers will purchase those products whose price is low as compared to similar products whose price is high. Due to the average age of the respondents which was 22, it was concluded that younger people are generally more price conscious than older people with higher incomes. The possible reasons why they said quality was important could be that quality and value are indistinct and elusive constructs that often are mistaken for imprecise adjectives like "goodness, or luxury, or shininess, or weight". Quality and value are not well differentiated from each other and from similar constructs such as perceived worth and utility.

In this study, it was discovered that the packaging of private label brands was not attractive hence a conclusion was made that packaging of private labeled products does not influence Generation Y's purchasing behaviour of private labels. The data gathered further showed that advertising of private labels is important to the Generation Y consumer group. The data showed that the majority of the respondents considered advertising to be very important and hence conclusions can be made that advertising is influential to Generation Y consumers when purchasing or when considering to purchase private labels. Television adverts were said to be the most influential and billboards the least.

From the gathered data, it was evident that reference group play a major role in influencing the purchasing of private label products and in so doing influencing the perception of these products. Responses showed that friends and family endorsements are important to the Generation Y consumers particularly when purchasing private label brands and this was the case across both gender and ethnicity. The study further concluded that disposable income does not play a role when consumers purchase private labels, but however it was noted that disposable income is less in this particular Generation Y sample but there was no spending difference between those that had more disposable income and those that did not.

7.3 RECOMMENDATIONS

The recommendations presented address the final aim of the study. Since Generation Y consumers were found to be more price and quality conscious, it is advisable that marketers and retailers alike make use of a pricing strategy that will not deter this consumer group from purchasing their products. Marketers and retailers need to know that a well chosen price should achieve the financial goal of the company but at the same time fit in with the realities of the market place, which in this case is that the targeted consumers are price conscious when purchasing groceries. Marketers can make use of micro-marketing which is a marketing technique used to describe a form of "target" marketing that is more precise and focused than typical "niche". By so doing, they tend to know exactly the characteristics of their target group and hence will know what strategy will work for them.

Marketers and retailers also need to position their products in such a way that Generation Y consumers will consider their products before considering competitors' products when it comes to groceries. Positioning involves the creation of an image in the minds of consumers for a product or service. It refers to what consumers think about your product or facility's characteristics or offerings relative to other similar offerings. Positioning strategy is an important aspect of marketing decision making because it defines the specific actions that must be undertaken in the areas of promotion, product development, pricing and distribution. By positioning a product or service as having certain characteristics, it stands a good chance of gaining advantage over competitive offerings when consumers associate it with the specific characteristic(s).

Television advertising of private labels should be intensified by marketers. This is the case because most respondents in the study actually believe that advertising is very influential and most respondents stated that, particularly, television advertising was most influential. Advertising on television allows you to show and tell a wide audience your business, product, or service. It allows you to actually demonstrate the benefits of ownership. You can show how your product or service works and how it's packaged so prospective customers will know what to look for at the point of sale. In advertising, it often takes multiple touch points to effectively influence consumers' purchasing behavior. Marketers need to know that TV reaches a much larger audience than local newspapers and radio stations, and it does so during a short period of time. It reaches viewers when they are the most attentive and it

allows you to convey your message with sight, sound, and motion, which can give your business, product, or service instant credibility. It also gives you an opportunity to be creative and attach a personality to your business, which can be particularly effective for small businesses that rely on repeat customers.

Retailers on the other hand should consider changing the packaging of their private labeled products. The majority of the Generation Y consumers in this study agreed that the packaging of the products is not attractive. Retailers need to know that packaging is the front line of marketing. Through design and marketing communications, packages can help sell a product and differentiate it from similar products. The packaging can also help promote product branding.

7.4 AREAS FOR FURTHER RESEARCH

The research work suggests some lines of enquiry for further research. Firstly, further research could determine if the findings of this research are consistent across different universities. In addition, there is the need to duplicate the research in other parts of South Africa and in other sectors to confirm if the results of this research can be generalized across the whole country and age group. Finally, this study can also be carried out in other parts of Africa for comparison purposes.

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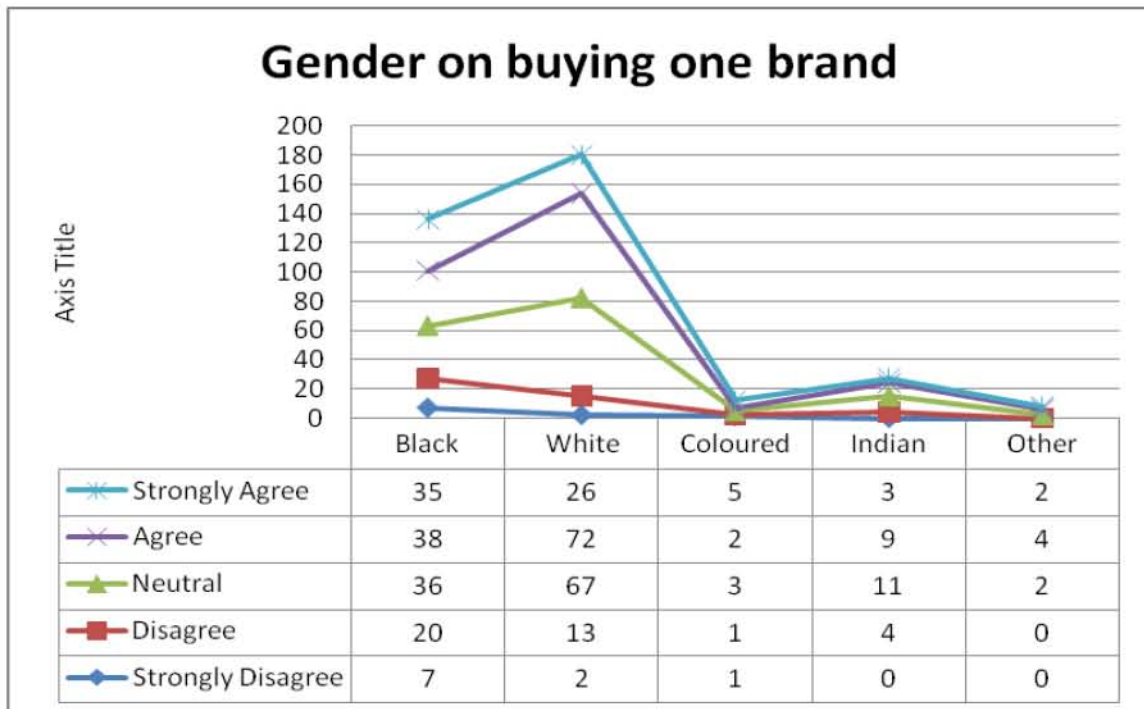
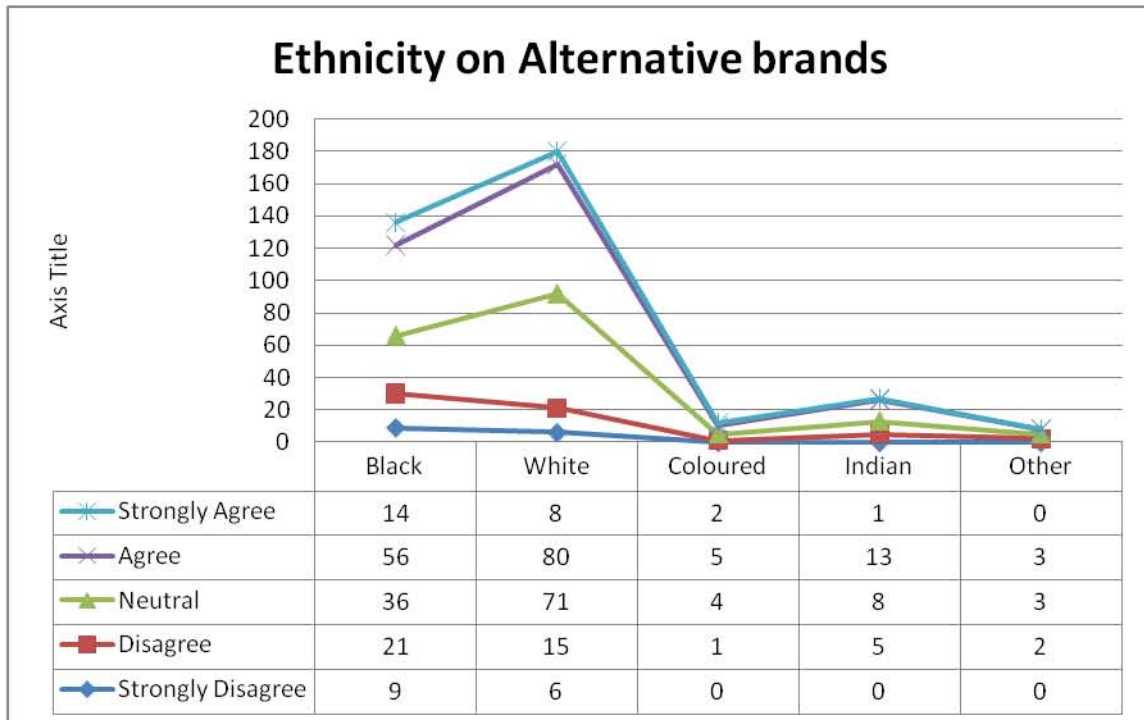
APPENDIX 1

Question four: Gender Figures 6.3(d), 6.3(e) & 6.3(f)

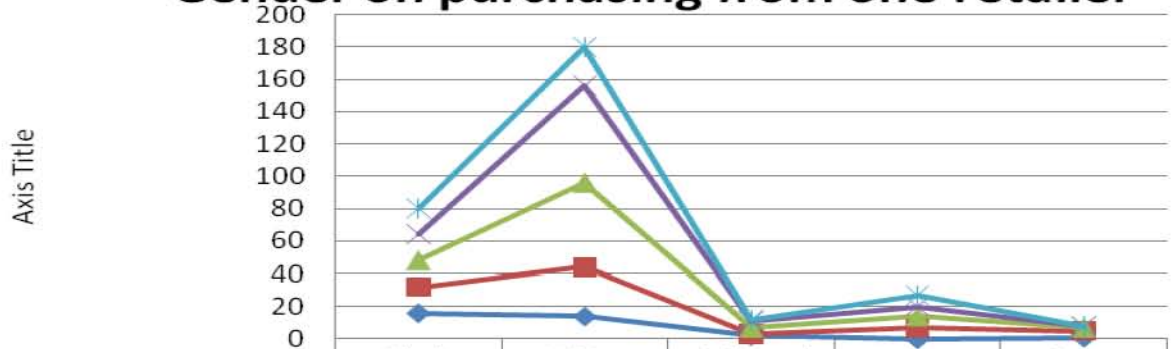


APPENDIX 2

Question four: Ethnicity Figures 6.4(d), 6.4(e) & 6.4(f)



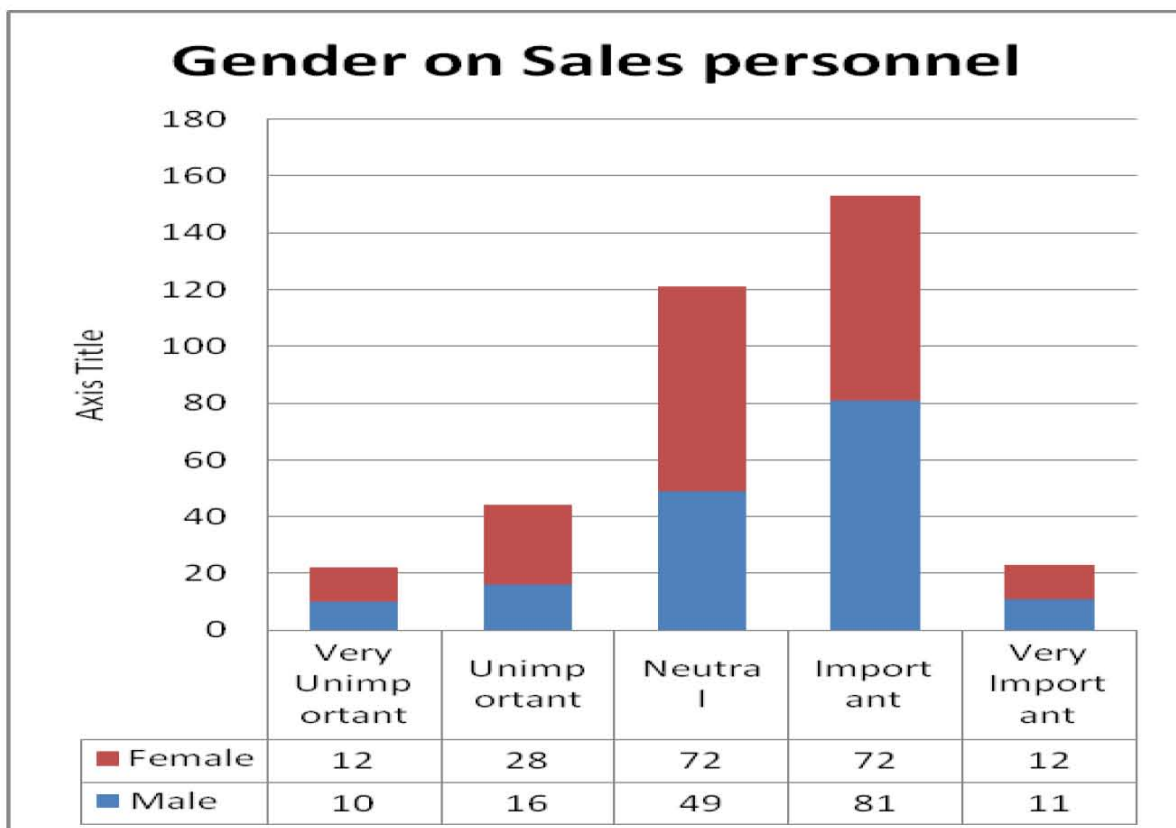
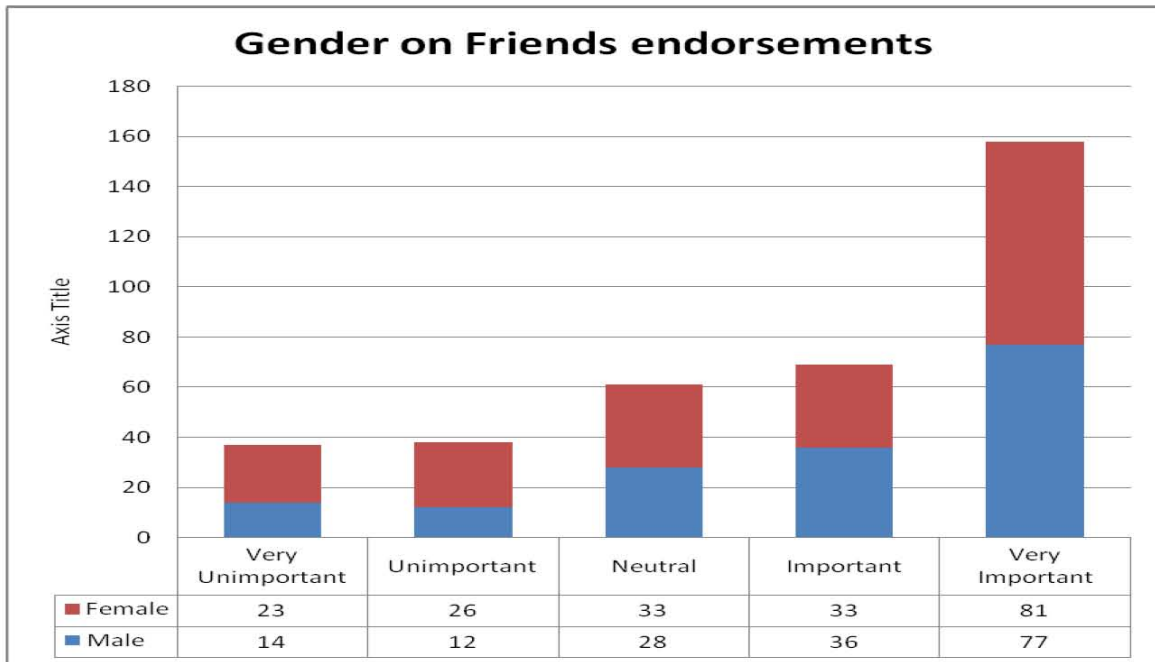
Gender on purchasing from one retailer



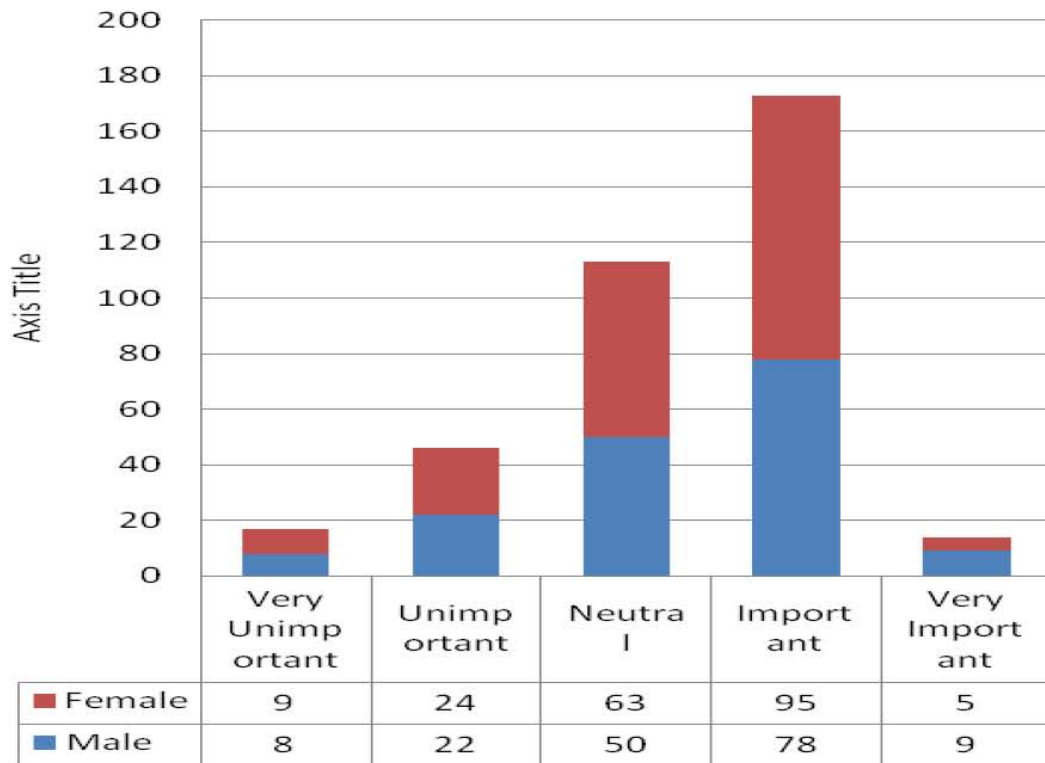
	Black	White	Coloured	Indian	Other
Strongly Agree	16	24	1	7	0
Agree	16	60	4	6	1
Neutral	16	52	4	7	2
Disagree	16	30	1	7	4
Strongly Disagree	16	14	2	0	1

APPENDIX 3

Question five: Gender Figures 6.5(d), 6.5(e) & 6.5(f)

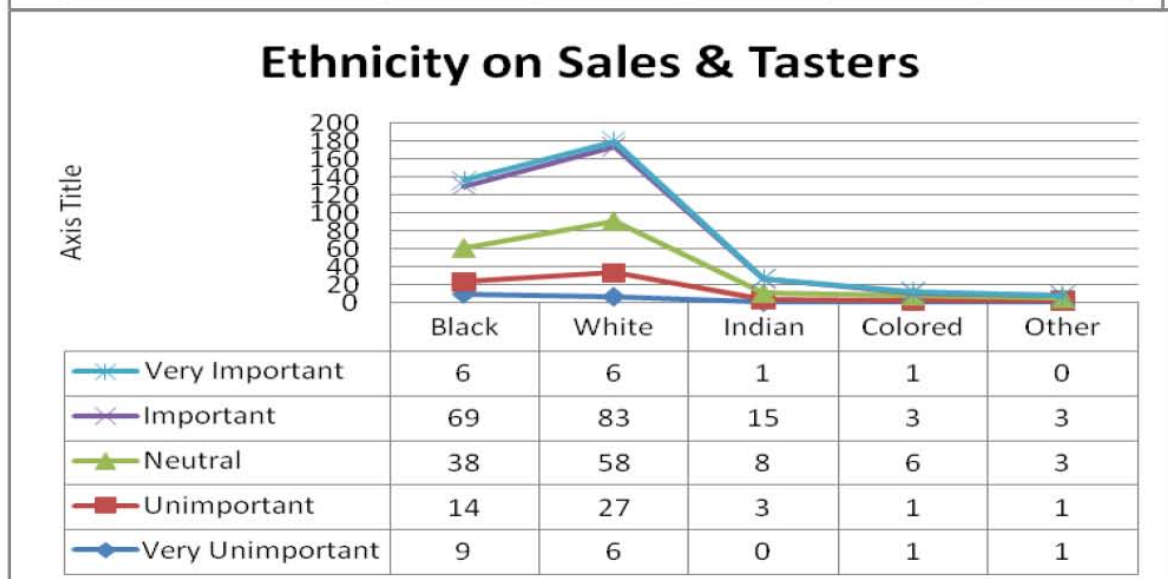
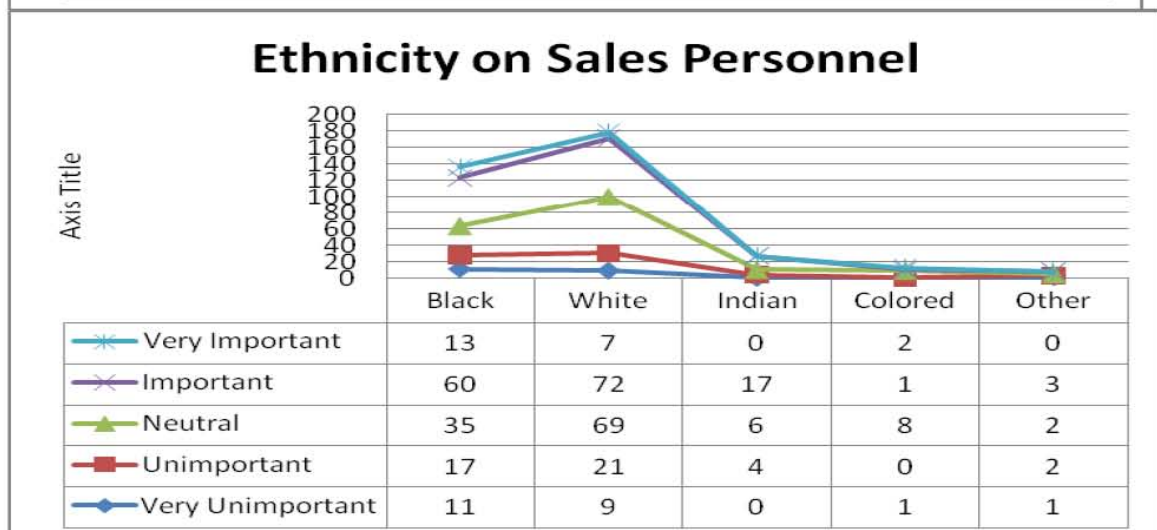
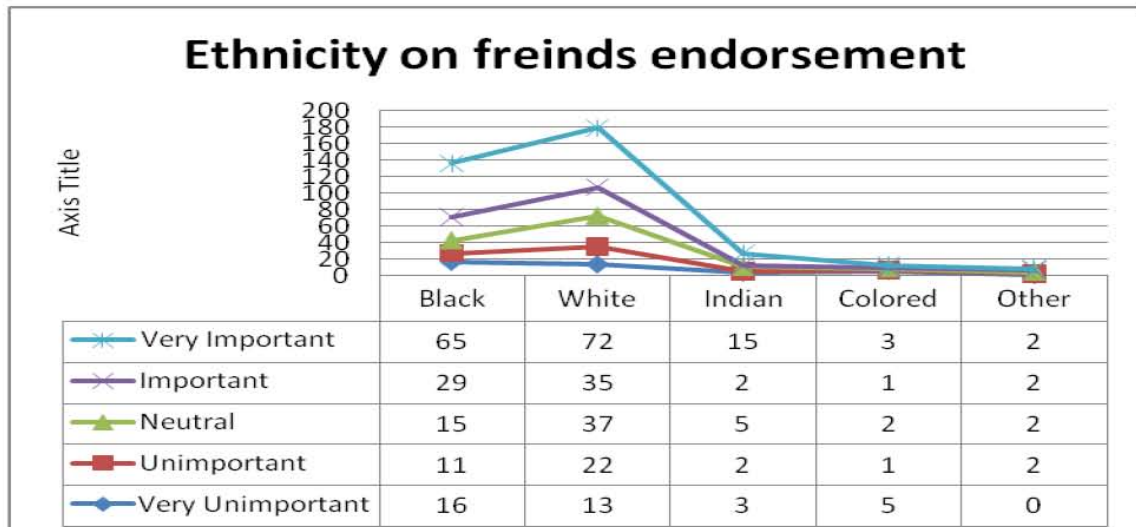


Gender on Sales and tasters



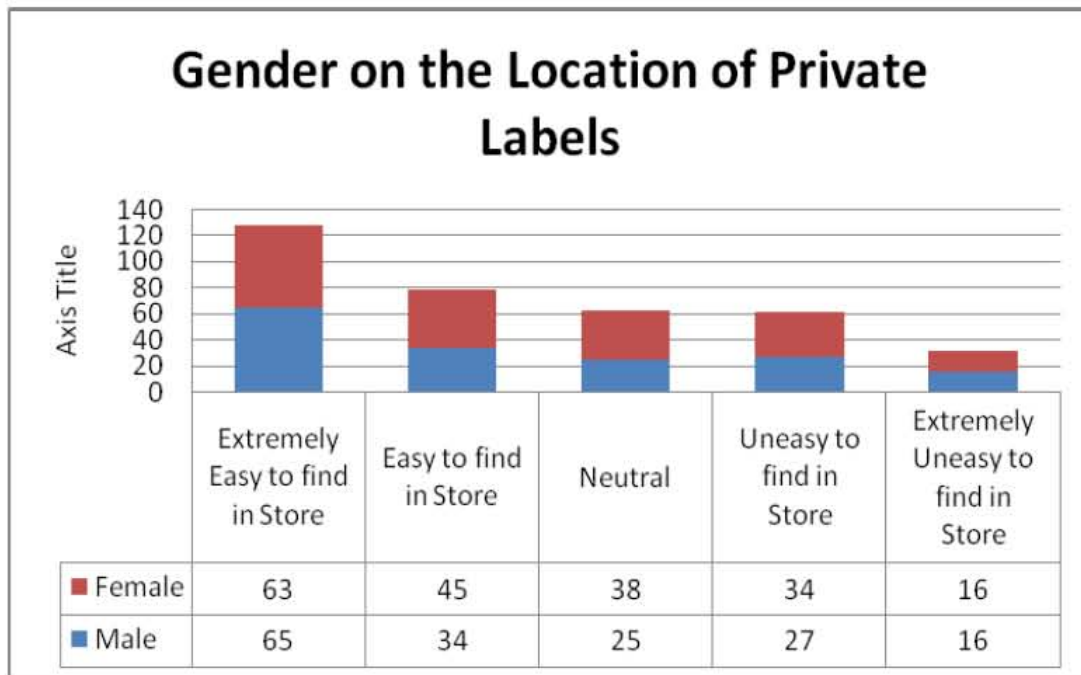
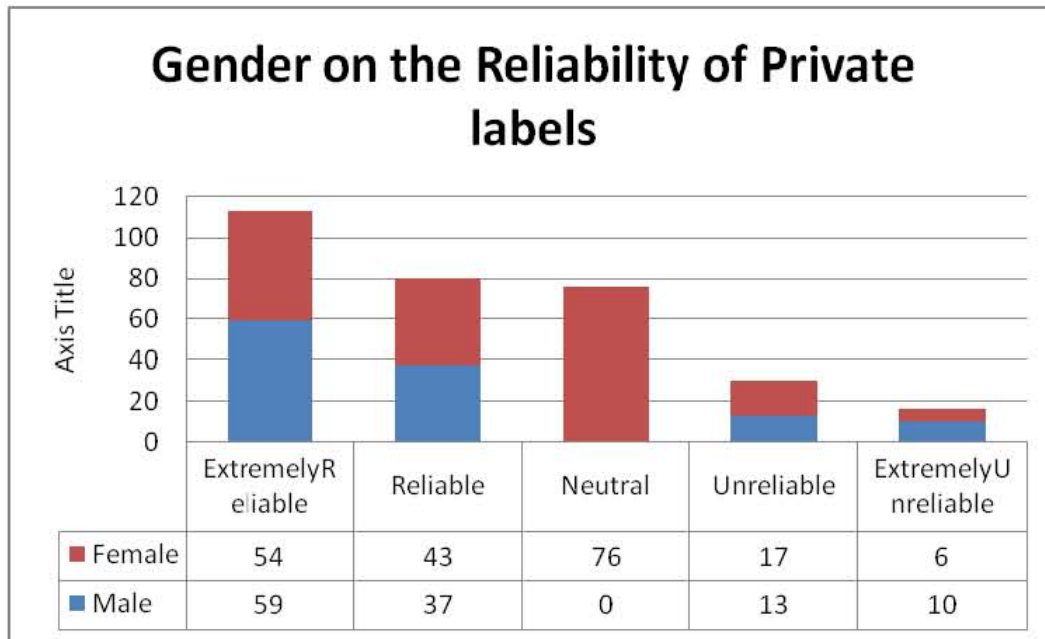
APPENDIX 4

Question five: Ethnicity Figures 6.6(d), 6.6(e) & 6.6(f)



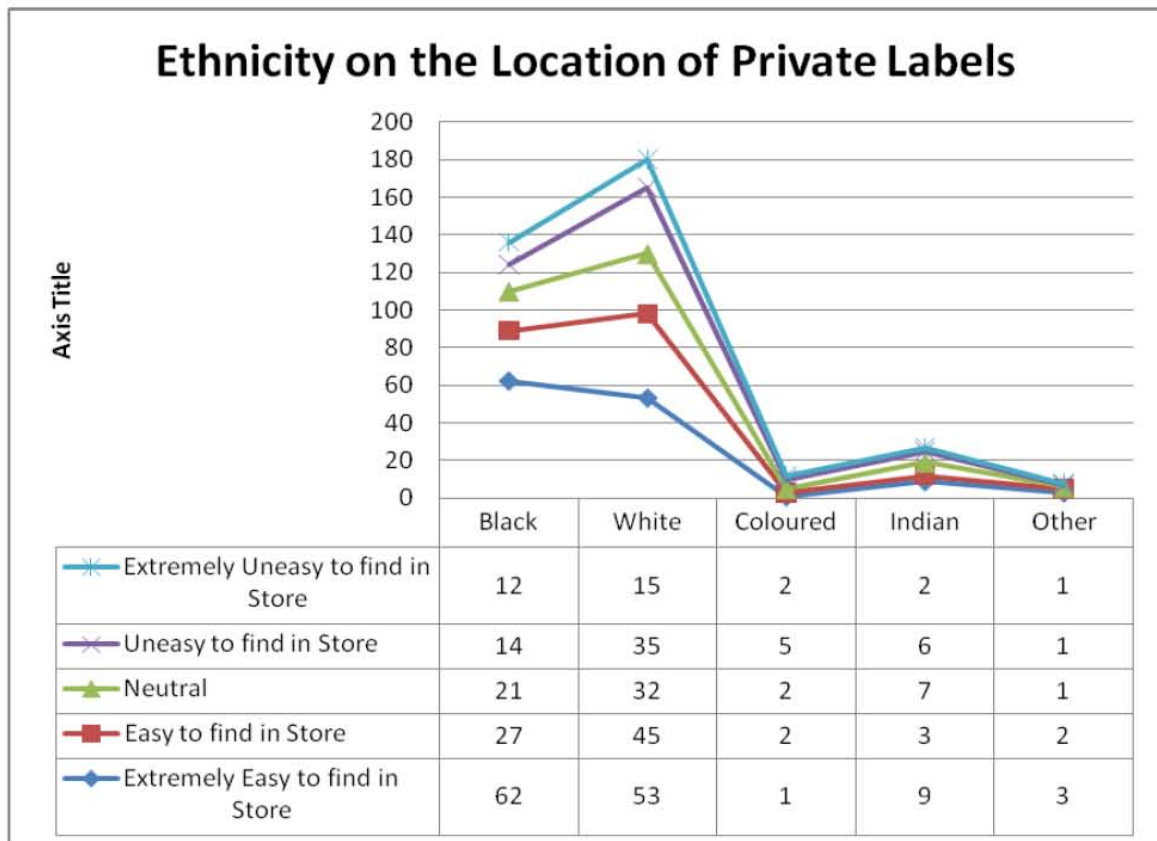
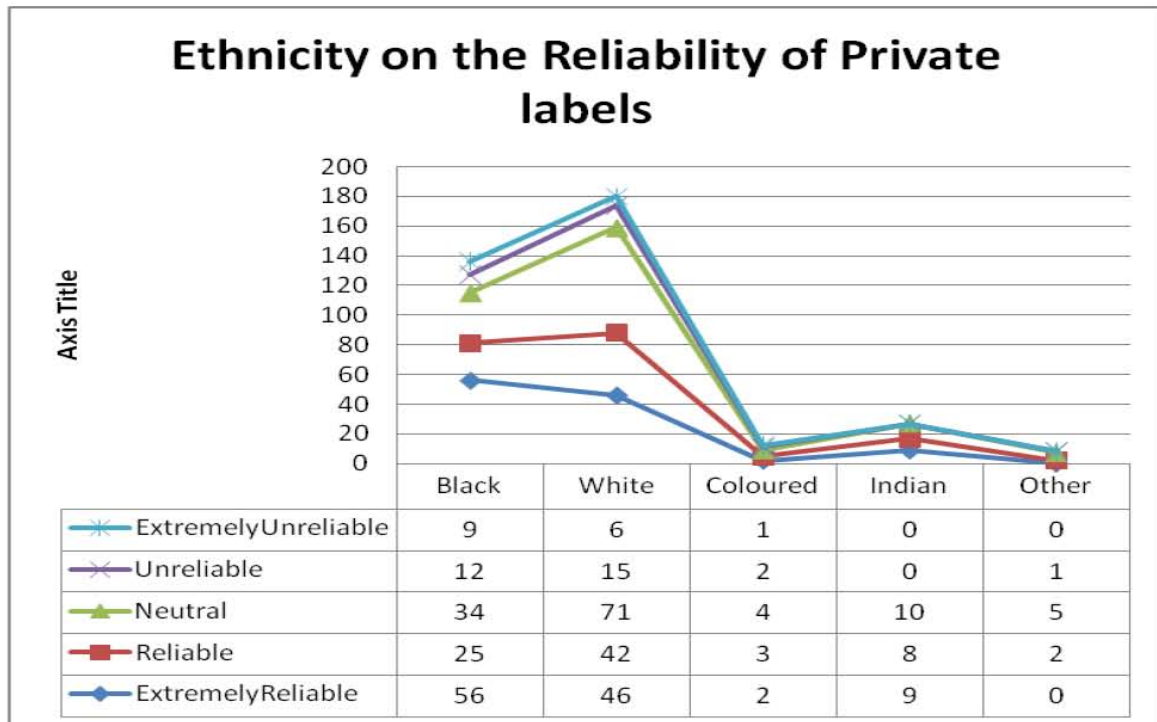
APPENDIX 5

Question Ten: Gender Figures 6.11(d) & 6.12(e)



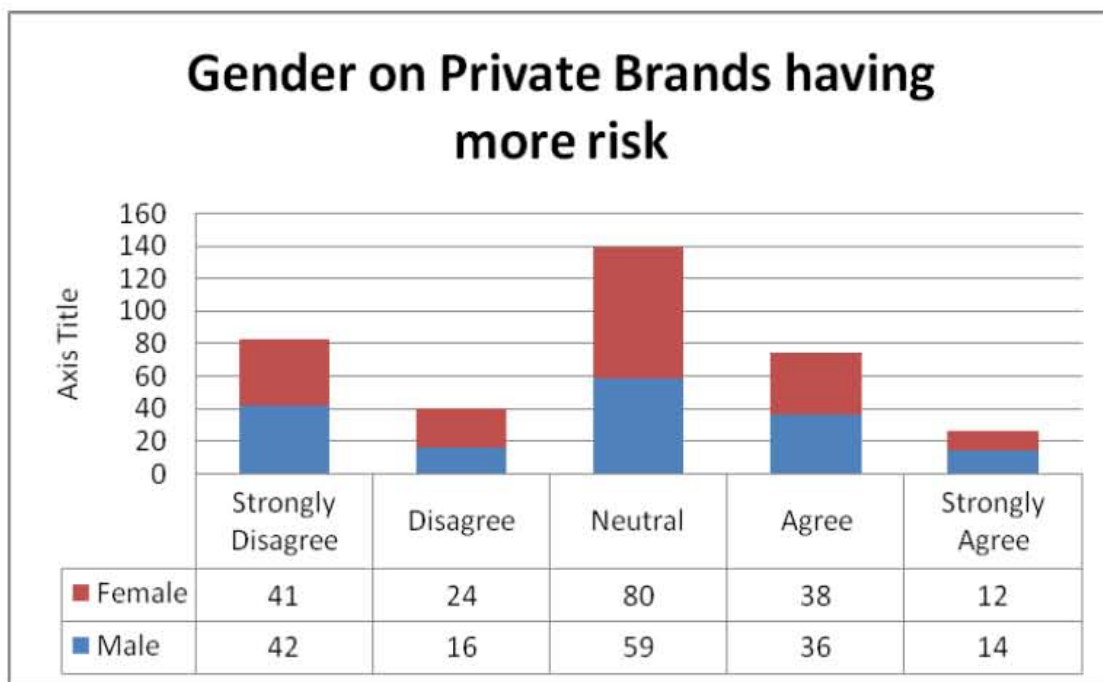
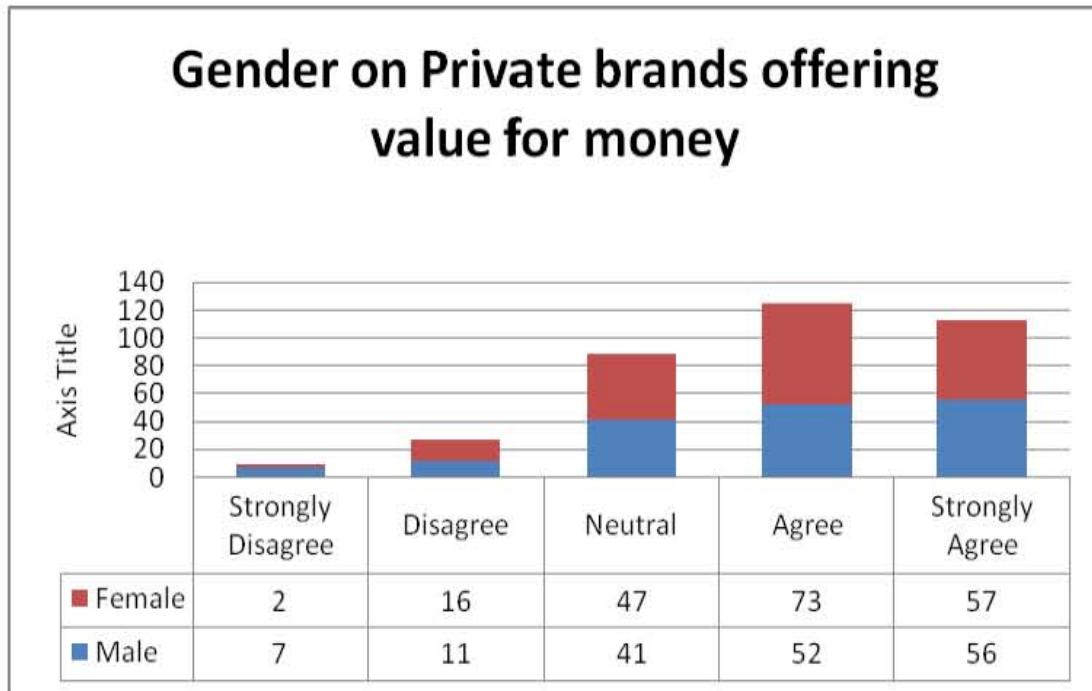
APPENDIX 6

Question Ten: Ethnicity Figures 6.12(d) & 6.12(e)



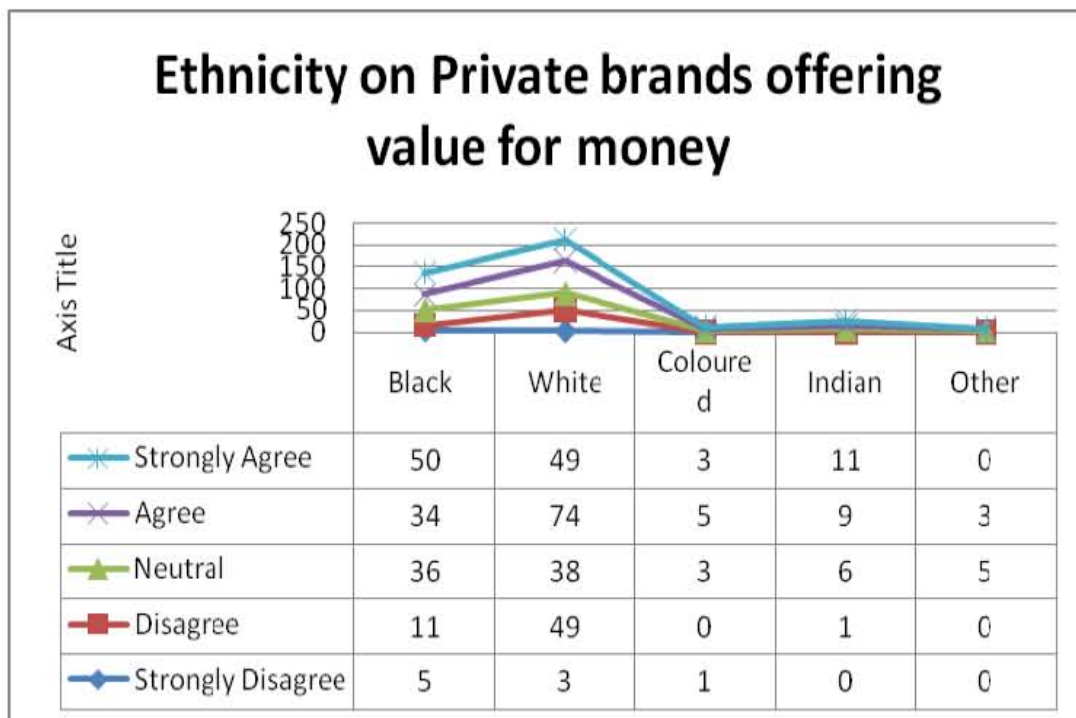
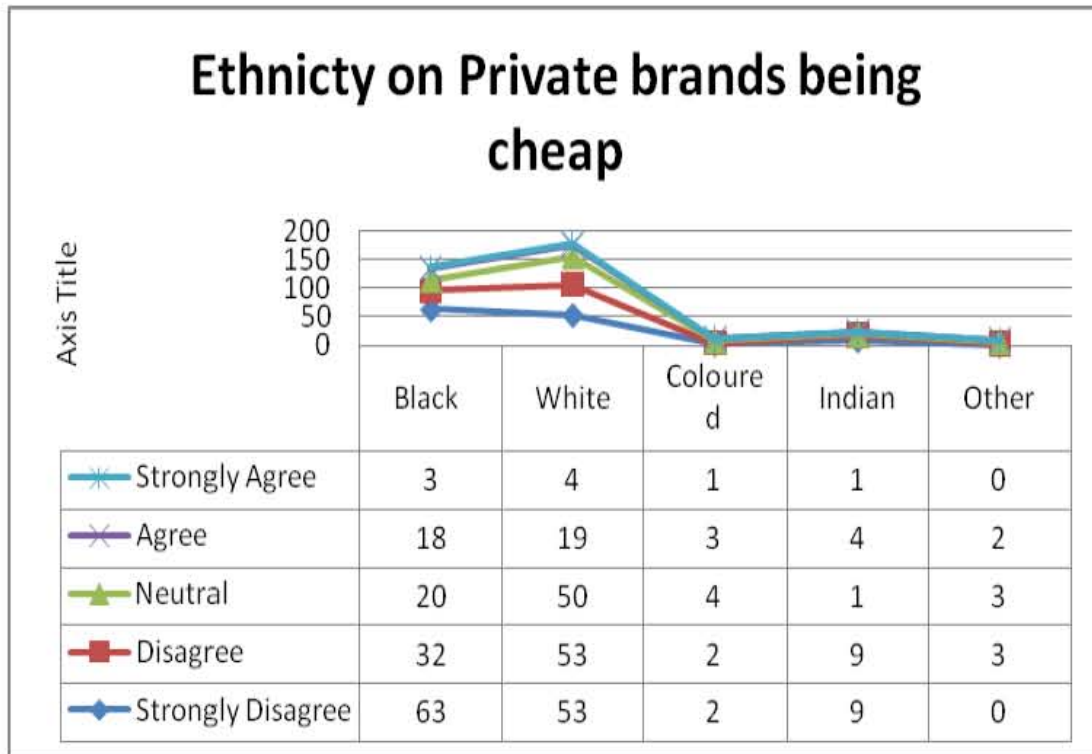
APPENDIX 7

Question Eleven: Gender Figures 6.13(d) & 6.13(e)



APPENDIX 8

Question Eleven: Ethnicity Figures 6.14(d) & 6.14(e)



APPENDIX 9

Questionnaire

***1 PARTICIPANT CONSENT**

I hereby certify that my response to the information in this document is correct to the best of my knowledge.

I hereby give consent to the researchers to use the information contained in this document for the purpose of completing their research project, and that i will not be identified and my personal results will be kept confidential.

I understood the purpose of the research and my involvement in it.

My participation in this survey is voluntary and I understood that I could withdraw from the research at any stage.

Based on the above i hereby agree to participate in this survey.

Section A: Overview of retailers and shopping behaviour

2 Please indicate at which of the following supermarket retailers do you regularly purchase food? You may select more than one option if necessary.

- Pick 'n Pay
- Woolworths
- Spar
- Checkers
- Shoprite

***3** Please indicate how often do you purchase groceries?

- Everyday Once a week Once a fortnight Once a month

4 Please rate your level of agreement or disagreement with the following statements. Use the following information as a guide:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree
5 = Strongly Agree

	1	2	3	4	5
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I purchase groceries based on price					
I purchase groceries based on quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I purchase groceries based on convenience of location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to try alternative brands ('new to me', 'foreign' or 'new to the market')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I find a brand I like and trust, I will buy only that brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I only purchase my groceries from one particular retailers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5 Please rate the level of importance of the attributes listed below in terms of their influence when purchasing groceries. Use the following information as a guide:
 1 = Very unimportant 2 = unimportant
 3 = Neutral 4 = important
 5 = Very important

	1	2	3	4	5
Friends endorsement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Family endorsement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales or tasters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Past experience with the brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advertising (media e.g. TV, radio, magazines)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*6 When you visit a retailer is it important to you that specific brands are offered at that store. For example do you choose one store above another based on the availability of your preferred brands?

Yes No

Section B: Private Label brands
 "Private Label Brand"- This refers to brands that are specifically owned by the retailer from which they are sold. These brands may be manufactured by the retailer or by third parties. These brands can also be termed 'In-house brands', 'Store brands', 'Own-brands' or 'Retailer Brands'.

7 Please indicate which of the following private label brands are you aware of? More than one choice may be selected if necessary.

- Pick 'n Pay choice brand
- Pick 'n Pay No Name brand
- Pick 'n Pay Foodhall brand
- Spar Freshline
- Spar brand
- Woolworths brand
- Checkers House brand
- Checkers Choice
- Shoprite Ritebrand

*8 Please indicate whether you purchase private label products

Yes No Skip to question 10

9 Please indicate which of the following private label brands you have purchased? More than one choice may be selected if necessary.

- Pick 'n Pay choice brand
- Pick 'n Pay No Name brand
- Pick 'n Pay Foodhall brand
- Spar Freshline
- Spar brand
- Woolworths brand
- Checkers House brand
- Checkers Choice
- Shoprite Ritebarnd

10 Please rate private label brands on the following scale from 1 to 5. For instance, if you feel that private label brands are of an inferior quality, circle 5 on the first option.

	1	2	3	4	5	
High Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Low Quality
Cheap	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Expensive
Reliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Unreliable
Attractive packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Unattractive packaging
Easily found in store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Not easily found in store

11 Please rate your level of agreement or disagreement with the following statements pertaining private label brands:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree
5 = Strongly Agree

	1	2	3	4	5
Private label brands are inferior quality alternatives to other brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private label brands are cheap because they offer poor quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Private label brands have improved in quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private label brands offer value for money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe there is more risk associated with buying private label brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Section C: Advertising and Promotions					

*12 Please indicate whether you seen private label brands being advertised

Yes Continue No Skip to question 14.

13 Please indicate what type of advertising it was. More than one choice may be selected if necessary.

Television

In-store promotions

Billboards

Pamphlets

Print (newspaper)

Print (magazines)

Radio

*14 Did this advertising persuade you to try the product or brand being advertised?

Yes No

15 Please rank the following advertising/promotion methods in terms of which you believe would be the most effective in relaying the benefits of private label brands. You may not use the same number twice in any other row. 1= the most important and 9 = least important. Please select one number from each row.

	1	2	3	4	5	6	7	8	9
Television	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In store promotions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet or Online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Magazines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Newspaper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Word of Mouth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Direct Mail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Billboards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pamphlets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section D: Demographics

*16

University

- NMMU
- Rhodes Res
- Rhodes Non-Res

*17 Gender

Male Female Other

*18 Ethnicity

Choose... ▼

*19 Age

APPENDIX 10

Consent letter

Department of Management

Dear Participant

The purpose of this research is to investigate the general perceptions of the generation Y consumers of private label brands and private labelled products of selected grocery retail stores. This research seeks to ascertain if generation Y consumers purchase private label products because of their price, quality, packaging, advertising, awareness and positioning and lastly, this research also seeks to determine whether age, gender and ethnicity (demographic variables) are influential as far as consumer perceptions of private labels are concerned.

We request you to share your perceptions of private labels and private labelled products with us by completing the questionnaire below. The questionnaire takes between 15 - 20 minutes to complete. There are no right or wrong answers, only your opinions are important. The structure of the questionnaire is as follows:

Section A – Overview of retailers and shopping behaviour

Section B – Private Label brands

Section C – Advertising and Promotions

Section D – Demographics

Please note that your participation in this survey is voluntary, completely anonymous and no confidential information is required. All the data will be used for research purposes only and the privacy and confidentiality of your opinion will be respected. Once the research has been conducted the data will be handed to the research supervisor, Mr Stan Zindiye, for private storage. The research has been approved by the Faculty of Commerce Higher Degrees Committee and the Department of Management Human Ethics Committee. The final research report will be made available via the Rhodes University Management Department website at Rhodes University

Please complete the questionnaire and submit electronically by 30 January 2010. Thank you for sharing your views on these important issues with us.

S. Zindiye (Mr)
Research Supervisor

B D Mpofu (Mr)
Principal Reseacher