

**AN EVALUATION OF BREAD PURCHASES FROM A
MANAGEMENT AND CONSUMER PERSPECTIVE – A
CASE STUDY OF ALBANY BAKERIES GAUTENG**

By

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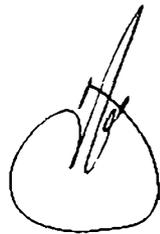
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THESIS DECLARATION

I declare that this thesis is my own work and has not been submitted in any form for another degree or diploma at any university or other institution of tertiary education. Information derived from the published or unpublished work of others has been acknowledged in the text and a list of references is given.



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ABSTRACT

Following the deregulation of the Baking Industry in South Africa, the baking industry has since then burgeoned into a highly competitive, cut-throat industry, where survival depends on market share. As a direct result of the government's deregulation of the Bread Industry, all bread producers were forced to review their business strategies and consumer relationships, in order to survive. With an industry characterised by low margins and the notoriously low levels of brand loyalty, the challenges facing industry players in terms of strategy implementation and consumer focus has necessitated a re-look at the way businesses in the Industry operate.

This study examines the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries Gauteng, with the aim of getting a deeper understanding of the drivers, of such behaviour. The study also critically examines Albany Bakeries current strategy to determine if the strategy is best suited to ensure market growth and consumer satisfaction

With no formal research having been done on this subject matter, the purpose of this study is to deepen understanding, of consumer behaviour and to provide Albany Bakeries with meaningful insights in this regard. The knowledge gained from this research will help Albany Bakeries make more informed decisions and to support key marketing decisions, going forward

The primary objective of this study is to determine the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries

Some of the secondary objectives of this study included the determination of the strategic priorities of Albany Bakeries in relation to keeping consumers satisfied, the determination the drivers of consumer behaviour in respect of bread purchases and the determination to ascertain whether Albany Bakeries was consumer centric.

This research study is exploratory in nature, to gain insight into the research problem. An extensive investigation into the relevant literature was done. An empirical study was also conducted and the measuring instrument consisted of a self – administered questionnaire. The population selected consisted of bread consumers from the Germiston (East Rand), Pretoria, Randburg and the West Rand geographical areas.

The major findings indicated that Albany Bakeries dominates the Gauteng bread market with its product differentiation strategy. The research results indicate that product freshness and taste are the category passport factors and the major influencing decisions when making a purchase. In a deceptively complex and cut throat industry, Albany's product innovation is a key success factor

Other main conclusions were also drawn. Albany Bakeries was seen to be consumer centric, with an admirable high level of consumer satisfaction.

It was, inter alia, recommended that Albany Bakeries create more brand awareness by increasing the familiarity of the brand through repeated consumer exposure. It is also recommended that Albany Bakeries implement a programme to measure customer satisfaction, on an ongoing basis and to have available a mechanism to translate what customers want into information that can be usable for managerial decision making purposes.

Based on the findings, the research study concludes with various recommendations, which provide direction for future research.

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CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION AND OVERVIEW

Since the heady days of 1991, which saw the deregulation of the baking industry in South Africa, the baking industry has since then burgeoned into a highly competitive, cut-throat industry, where survival depends on market share. The following historical background provides an overview of the changes in the baking industry over the past few years.

According to Lonsdale et al., (1995:4), the bread baking industry, was regulated by the Wheat Board until February 1991. Bread weights were controlled and licensed plant bakeries qualified for subsidies on the bread they baked. The wholesale and retail price of bread was also gazetted. This practice obviously made it impossible for any small independent bread bakery to be competitive in the market place.

According to Lonsdale et al., (1995:4), the basic aims of the system of control as introduced in 1941 were; firstly, to promote stability in the industry through a purposeful policy of rationalisation, and secondly, to keep the price of bread as low as possible, thus placing the staple foodstuff within reach of the lower income groups. In essence, therefore, control over the baking industry covered licensing, contents, quality and price.

Lonsdale et al., (1995:4), state that the Government, through its price control policy, forced the Milling and Baking Industries as well as retailers, to accept fixed profit margins and to strive for maximum efficiency and control of production costs. Quality control was exercised by the Wheat Board, which regulated the minimum dry solids and fat contents of bread together with the classification of different types of bread.

According to Lonsdale et al., (1995:5), these various control measures were withdrawn on the 28 February 1991. Lonsdale et al., (1995: 5) state that the Department of Health, however, continues to exercise control over the baking industry (through the Foodstuffs, Cosmetics and Disinfectants act) by specifying which ingredients may or may not be used in bread and confectionery.

Since 1st March 1991, the Director of Trade Metrology (SABS) exercises control over the mass of bread products. Regulations allow bakers to bake packaged bread in any multiple of 100g, with a minimum mass of 400g, provided the mass is clearly marked on the packaging.

The bread industry was subsidised by the government for decades in order to avoid high prices for basic foodstuffs. This later changed when the government eliminated the bread subsidy in 1991 in an effort to encourage competition. In the wake of the deregulation of the Baking Industry a whole new sphere of opportunities was created and small bakeries erupted all over. With the scrapping of subsidies, the retail price of bread increased and it was now possible for the small baker to realise better margins in order to maintain a profitable business. It was also since that time that in-store bakeries in the supermarkets chains became accepted practice.

As a direct result of the government's deregulation of the Bread Industry, all bread producers were forced to review their business strategies and consumer relationships, in order to survive. With an industry characterised by low margins and the notoriously low levels of brand loyalty, the challenges facing industry players in terms of strategy implementation and consumer focus has necessitated a re-look at the way businesses in the industry operate.

This study examines the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries Gauteng, with the aim of getting a deeper understanding of the drivers, of such behaviour. The study also critically examines Albany Bakeries current strategy to determine if the strategy is best suited to ensure market growth and consumer satisfaction

To gain deeper insight into these factors a literature review will be given on:

- Establishing the missions, objectives and strategies of an organisation
- An analysis of both the macro and micro environments in which business operate in.
- Identifying the competitive strategy options for implementation.
- The consumer decision making process
- The individual and social factors influencing consumer behaviour.

The literature review will serve as a background, leading to the clarification of the research problem. Section 1.3 will provide insight into the research problem, followed by the discussion of the research objectives in Section 1.4. In Section 1.5 the purpose of the study is mentioned. Section 1.6 will provide an outline of Chapters 1 to 6, followed by a summary of Chapter 1 in section 1.7.

1.2 LITERATURE REVIEW

The literature review is discussed in Chapter two. Chapter two of the literature concentrates on the strategic management issues of the study, and concentrates on consumer behaviour.

The background discussion in Section 1.1 revealed the changing sense of purpose of bread producers. When the government subsidy, mentioned in section 1.1 was still in force, some plant manufactures became complacent in terms of quality and cost issues and remained protected by guaranteed market share based on industry agreements, amongst themselves. What the customer wanted and received really did not matter to some players. All this changed in

1991. According to Lamb et al., (2005:411), businesses need well thought-out strategic plans to guide them where to go and how to get there. In the absence of these plans, they inevitably become victims of the marketplace instead of being the victors who shape it. The following part of this literature introduction focuses on the strategic management issues relevant to this study.

In laying the foundation upon which the fundamentals of strategic management may be expanded upon, Ehlers and Lazenby, (2004:1), state that, "In a world where competition is harsh and no mercy is given to anyone in the business environment, organisations have to plan for the future and prepare themselves for any unforeseen circumstances. The world in which we live has changed so radically in the past few decades that the factors and competencies that made an organisation successful in the past do not guarantee success in the future. On the contrary, they might even be its downfall." Ehlers and Lazenby remind us that the management environment is much harder and tougher to compete in today, as a result of the technological, economic, sociocultural and political changes. According to Ehlers and Lazenby, the answer to, managing to cope with this changing environment, lies in strategic management.

The literature review considers strategic direction by examining the mission, objectives and existing strategies of an organisation. For organisations to be able to understand the present and predict the future, Ehlers and Lazenby, (2004:86), state that an integrated understanding of the external and internal environments are essential. The literature review conducts an extensive examination of the macro and micro environments before discussing the industry environment. The review expands on the examination of:

- An assessment of the dominant economic features in an industry.
- The determination of the competitive forces facing the industry.
- The forces that drive change in the industry.
- Identifying competitor strategies and key factors for competitive success.

After an analysis of the internal assessment of the organisation, the literature review moves on, to detail the competitive strategies of the cost leadership strategy, the differentiation strategy and the focus strategy. This is followed by a review of the grand strategies including the growth strategy, the stability strategy, the retrenchment strategy and the combination strategy.

Part Two of the literature review introduces consumer behaviour and traces its origins dating back to the 1950's, where motivational theorists dominated the contributions to the explanation of consumer behaviour. The chapter progresses to the explanation of various models used in the study of consumer behaviour and contrasts, for each model, both its benefits and limitations.

The chapter reinforces the importance of the study of consumer behaviour and its role in the managerial decision-making process, based on the need of businesses to market their products effectively in order to survive. Considerations in respect of a comprehensive knowledge of customers' needs and wants, desires and interests, preferences, activities, beliefs, age, gender, marital status, race, occupation and nationality is viewed as critically important in developing an effective marketing process. The review acknowledges that the concept of consumer behaviour is about people and their perceptions and explains its influences on the decision making process. The chapter further reinforces the belief that marketers have to personalize services and most importantly determine the customers' needs and satisfy them fully.

Consumer behaviour is a very complex process. Treating it as a sequential decision activity helps us deal with the process and its determinants. The decision process can be characterised as a sequence of stages beginning with need recognition, and proceeding with information search, alternative evaluation, purchase decision and ending with post purchase behaviour. This process is examined with the intention that they will serve as a guideline for a more meaningful understanding of the concept of consumer behaviour. Building on the consumer decision-making process is the individual factors that influence the consumer buying decisions. These individual factors that are unique to each

individual and which include perception, motivation, learning, values and beliefs, attitudes, personality, self concept and life-style is discussed and viewed as critical elements in the decision making process of consumers.

With the understanding that the interaction that takes place between the consumer and the external environment affects consumer behaviour, a comprehensive review of the social influences influencing consumer behaviour is undertaken. These influences include culture, reference groups, opinion leaders and family. While different products elicit different consumer behaviours, the level of consumer involvement is examined from a buying perspective. The chapter concludes with a review of the situational influences with regards to the purchase reasons, time influences and surroundings.

1.3 THE PROBLEM STATEMENT

The first step of the research process as suggested by Gilbert and Churchill, (1996:54), is the definition of the problem statement. In ordinary language, the word 'problem' carries a negative connotation: of something that is wrong, and needs attention. On the other hand, "opportunities" are situations where something is not necessarily wrong but performance can be improved. Malhotra, (1993:34), suggests that management decision problems and marketing research problems encompass both "problems" and "opportunities". Malhotra, (1993:35) states, that from a marketing perspective, a marketing opportunity must be translated into a marketing research problem, which can then be investigated.

The discussion identified certain factors, which may assist in determining the various influences in consumer behaviour in respect of bread purchases. These include:

- **To determine the strategy going forward of Albany Bakeries Gauteng in respect of meeting and satisfying the evolving consumer demands of the future.** According to Lamb et al., (2005:71) while markets, competition and technology change, customers also change. There is a

suggestion that there is a gradual shift by the South African consumer towards the Western orientated diets as a result of the socio-political changes currently taking place. Albany Bakeries need to anticipate and watch these changes and keep consistently on top of its market. Food choices and consumer decision patterns as well as food purchase behaviours, which can be considered as part and parcel of lifestyle, is supposedly currently changing. With the emergence of a consumer hungry middle class, businesses need to eye trends towards increased health consciousness, in order to increase sales and market share.

- **To determine the factors influencing consumer behaviour in respect of bread purchases in the Gauteng distribution area.** Malhotra, (1993:40), provides the insight that as a marketer it is crucial to know who buys what, and when and where they buy it. With the prevailing war for market dominance in the highly competitive and cut-throat bread industry, this information is required to create competitive strategies to maximize corporate profitability and to ensure the long term participation of the business in the industry.
- **To determine the quality of Albany Bakeries existing services levels and highlight areas for improvement.** According to Lamb et al., (2005:19), management in some organisations are often of the opinion that they provide a top-level service to the consumers they service. Obtaining the consumers perspective in this regard allows the business to initiate steps in improving and maintaining existing service levels.

Malhotra, (1993:40), provides the insight that as a marketer it is crucial to know who buys what, and when and where they buy it. With the prevailing war for market dominance in the highly competitive and cut-throat bread industry, this information is required to create competitive strategies to maximize corporate profitability and to ensure the long term participation of the business in the industry. The problem statement identified for the purposes of this study is therefore to determine the drivers of consumer behaviour in respect of bread purchases for Albany Bakeries in the Gauteng area.

1.4 THE OBJECTIVES OF THE STUDY

1.4.1 The Primary Objective

▶ The primary objective of this study is:

To determine the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries.

1.4.2 The Secondary Objectives

▶ More specifically to this study is:

- To determine the strategic priorities of Albany Bakeries in relation to keeping consumers satisfied.
- To determine the drivers of consumer behaviour in respect of bread purchases.
- To determine whether Albany Bakeries is consumer centric.
- To determine how Albany compares to its opposition in terms of product attributes.

1.5 THE PURPOSE OF THE STUDY

With no formal research having been done on this subject matter, the purpose of this study is to deepen understanding, of consumer behaviour and to provide Albany Bakeries with meaningful insights in this regard. The knowledge gained from this research will help Albany Bakeries make more informed decisions and to support key marketing decisions, going forward. Market research does this by giving marketers a picture of what is happening or is likely to occur.

This study is also intended to allow the group to better position themselves in the market place while at the same time ensuring a high level of consumer satisfaction at a profit. This research is purely for academic purposes and is not considered confidential, as all sensitive information has been sourced from

published information. Current business strategies discussed is common knowledge and offers no advantage to competitors.

1.6 CHAPTER OUTLINE

Chapter Two will focus on the literature review. This chapter will introduce strategic management and will discuss the competitive and grand strategies available to organisations. Chapter Two will also, introduce a discussion on consumer behaviour and will highlight the basic decision making process of consumers and its role and importance on the management decision-making process.

Chapter Three will discuss in more detail the research method to be followed. The specific techniques, which will be used to gather the empirical information, will be discussed.

Chapter Four will introduce the case study - Albany Bakeries. This chapter will examine the Group's strategic priorities, its organisational structure as well as the marketing thinking, responsible for its success to date.

Chapter Five will report on the results of the empirical study, followed by the conclusions and recommendations that will follow in Chapter Six.

1.7 SUMMARY

In Chapter One the background discussion were used to formulate the problem statement and to outline the objectives of the study. This was followed by stating the purposes of the study which was followed by a brief outline of the chapters in the study. Chapter One provided a total overview of the research in order to get a holistic view of the study's scope.

Chapter Two will provide a more detailed discussion on strategic management issues and consumer behaviour and takes the form of a literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

According to Lamb et al., (2005:411), businesses need well thought-out strategic plans to guide them where to go and how to get there. In the absence of these plans, they inevitably become victims of the marketplace instead of being the victors who shape it. A literature review on strategic management issues and consumer behaviour is critical for the purposes of this study.

The first part of Chapter two introduces the concept of strategy and begins by providing an overview of the strategic management process, after which it proceeds to detail the steps that must be evaluated and taken into consideration by management when starting the strategic management process. This chapter explains the importance of the strategic management process and its role in the development of an organisation. The first part of Chapter concludes with a look at the all important customer driven strategy.

The second part of this chapter continues with a discussion on the importance of consumer behaviour, followed by a review of the consumer behaviour models for better understanding of the subject. The consumer decision-making process and the factors that influence consumers' decision making are explored.

2.2 STRATEGIC MANAGEMENT

Strategic management can be defined as the process whereby all the organisational functions and resources are integrated and co-coordinated to implement formulated strategies, which are aligned with the environment. This is in order to achieve the long term objectives of the organisation and therefore gain

a competitive advantage through adding value for the shareholders." (Ehlers and Lazenby, 2004:2)

2.2.1 The Industry Environment

Thompson, Strickland and Gambie, (2005:48), state that thinking strategically about a company's external situation involves assessing the following:

2.2.2 The Industry's Dominant Economic Features

Because industries differ so significantly, analysing a company's industry and competitive environment begins with identifying the industry's dominant economic features. According to them, the industry's dominant economic features are defined by "such factors as overall size and market growth, the geographic boundaries of the market, and the number and size of competitors. Thompson, Strickland and Gambie, (2005:48), state that the industry's dominant economic features are also defined by what buyers are looking for and the attributes that cause them to choose one seller over another. According to them, other factors will include, the pace of technological change, and or product differentiation, whether sellers products are virtually identical or highly differentiated and the extent to which costs are effected by scale economics."

2.2.3 Determining the kinds of competitive forces industry members face

Thompson, Strickland and Gambie, (2005:50), state that as the character, mix and subtleties of competitive forces are never the same from one industry to the next, organisations need to assess the kinds of competitive forces being faced by industry members. They suggest that the powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing the strength and importance of each, is Porter's five forces model of competition. This model, according to them, holds that the state of competition in

an industry is a composite of competitive pressures operating in five areas of the overall market, namely:

- Competitive pressures associated with the market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry.
- Competitive pressures associated with the threat of new entrants into the market.
- Competitive pressures coming from an attempt of companies in other industries to win buyers over to their own substitute products.
- Competitive pressures stemming from supplier bargaining power and supplier-seller collaboration.
- Competitive pressures stemming from buyer bargaining power and seller-buyer collaboration.

According to them, these five forces have to be examined one by one to identify the specific competitive pressures that each comprises and to decide whether these pressures constitute a strong or weak competitive force. The next step in competition analysis is to evaluate the collective strength of the five forces and determine whether the state of competition is conducive to good profitability.

2.2.4 Determine the forces that drive change in the industry

Thompson, Strickland and Gambie, (2005:84), suggest that organisations need to determine what forces drive change in the industry and ascertain what impact these changes have on the competitive intensity and industry profitability. According to them, these forces may include changes in long term industry growth rate, changes in buyer composition, product innovation, the entry or exit of major firms, changes in cost and efficiency and changes in buyer preferences, but to name a few

2.2.5 Identifying competitor strategies and key factors for competitive success

Thompson, Strickland and Gambie, (2005:84), state that identifying competitor strategies and predicting their next move is crucial to an organisation. According to them, correctly diagnosing an industry's key success factors, raises a company's chance of crafting a sound strategy. Key success factors are the strategy elements, product attributes, competitive capabilities and business outcomes that spell the difference between a strong competitor or a weak competitor.

2.3 COMPETITIVE STRATEGIES

According to Thompson, Strickland and Gambie, (2005:115), competitive strategy is the "specifics of management's game plan for competing successfully – how it plans to position the company in the marketplace, its specific efforts to please customers and improve its competitive strength, and the type of competitive advantage it wants to establish."

2.3.1 Cost Leadership Strategy

According to Ehlers and Lazenby, (2004:123), organisations that pursue cost leadership, aim to become the lowest cost provider of a specific product or service in a particular market. The products offered must appeal to the broad target market. The cost reduction benefits that accrue from a cost leadership strategy may take the form of high capacity utilization whereby the organisation uses its production capacity fully. They postulate that the higher the level of capacity utilisation, the lower the cost per unit. Another source of cost leadership and competitive advantage, according to them, is derived from economies of scale. They suggest that large established organisations procure, produce, and sell in greater volumes than smaller and later entrants to the market. Better price negotiations based on volumes reduces the cost per unit as the business

activities increase. Ehlers and Lazenby, (2004:124), further suggest that investments in cost saving technologies enables organisations to reduce the unit cost of their products. This is often associated with manufacturing activities. They suggest that as employees learn to do their jobs more efficiently with repetition, the time required to complete a task decreases, which means that more units can be produced in the same period.

2.3.2 Differentiation Strategy

Mullins et al., (2005:202), state that “differentiation is a powerful theme in developing business strategies, as well as in marketing.” In quoting Michael Porter, Mullins points out, “A company can outperform its rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or both.”

According to Ehlers and Lazenby, (2004:126), organisations that pursue differentiation aim to distinguish themselves from competitors by providing consumers with a product or service that is considered unique. The uniqueness of their product often lies in quality, technological superiority or the image of the product. Ehlers and Lazenby, suggest that organisations that consider a differentiation strategy should carefully study consumer needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product that features desired attributes. They state that consumers who value certain attributes more than others are often willing to pay a premium for the product. Ehlers and Lazenby, (2004:127), mention that speed or rapid response has become an important basis for differentiation in a rapidly changing environment with increased emphasis on customer satisfaction and service excellence. According to them speed based competitive advantages can be created through activities like prompt response to customer complaints, speedy delivery, distribution and information processing. They conclude that successful differentiation strategies result in consumer loyalty and customer retention.

2.3.3 Focus Strategy

According to Ehlers and Lazenby, (2004:128), selecting a particular market and catering for the very specific needs of consumers in this market is the basis of a focus strategy. Focus strategies can be based on differentiation or low cost. According to them, the key to a successful focus strategy is being able to identify a target market segment in which the organisation can meet the needs and desires of buyers better than any other competitor.

2.4 THE IMPORTANCE OF A CUSTOMER DRIVEN STRATEGY

Theodore Levitt, a Marketing Professor at the Harvard Business School is quoted by Lynch, as saying that "The purpose of an enterprise is to create and keep a customer". Lynch, (2000:199), states that following the contributions of Theodore Levitt who was instrumental in raising the profile of customers in the development of strategy, the prime focus of strategy must become the development and retention of customers. He calls it a customer driven strategy.

Lynch, (2000:201), states that a customer driven strategy is concerned with meeting the needs of the organisation's actual and potential customers and, as a result, delivering the objectives of the organisation. According to him, the consumer driven strategy concept argues that only by attracting and retaining customers will long-term profits be maintained. According to Lynch, (2000:201), there is substantial empirical evidence to support the view that loyal customers are more profitable. Loyal customers tend to account for the majority of the sales and their loyalty means that they are less sensitive to price increases and may even encourage new customers. According to Lynch, (2000:201), attracting new customers, costs organisations more than retaining loyal customers. The extra cost may be three to five times as much. Lynch, (2000:201) postulates that a customer driven strategy is expected to enhance company profitability and increase customer satisfaction and is therefore a vital component of strategy.

Du Plessis and Rousseau, (1999:273), suggest that the consumer must be the centre of all strategy formulation. According to them, “the central idea of the marketing concept is that the whole company, i.e. all functions of management, should turn itself outwards to find out who the customer is, what he or she really wants and how well his or her needs are being satisfied.”

2.5 THE MARKETING STRATEGY

Marketing strategy according to Lamb et al., (2005:423), refers to “the activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets based on a firm’s competitive advantage and proposed positioning.” Perreault and McCarthy, (2005:36), state that a marketing strategy specifies a target market and the marketing mix the firm needs to offer to provide that target market with superior customer value.

2.6 THE MARKETING MIX

While both Lamb et al., (2005:424) and Perreault and McCarthy, (2005:36) mention the marketing mix, Silbiger, (1993:44), offers a definition of the marketing mix with the suggestion that as marketing managers choose different marketing efforts, the mix of the various marketing efforts employed is commonly known as the Four P’s of marketing or the marketing mix. Perreault and McCarthy, (2005:38), suggest that with so many possible ways of satisfying the needs of customers, it is useful to reduce the decision variables in the marketing mix to four basic ones, namely, Product, Place, Promotion and Price. Lamb et al., (2005:424) state that distribution is sometimes referred to as place in the context of the 4 P’s.

Silbiger, (1993:44), states that the development of the marketing mix is an evolutionary process whose goal is an internally consistent and mutually supportive plan. He states that tinkering with one P in the mix generally means

that the marketing strategist must alter all the other *P*'s in some way, because one *P* affects the others. Lamb et al., (2005:424) while concurring with Silbiger, states that while a marketing manager can control each component of the marketing mix, the strategies for all four components must be blended into a whole to achieve optimum results. This literature review examines each of the following components of the marketing mix.

2.6.1 Product

Lamb et al., (2005:424), states that the marketing mix starts with the product which according to him is the heart of the marketing mix. They postulate that the product includes not only the physical unit, but also its package, warranty, after sales service, brand name, company image and value. Perreault and McCarthy, (2005:38) however warn that the product is not limited to physical goods only. It can be a service or a good or a blend of both.

The strategic decisions in respect of a product, according to Perreault and McCarthy, (2005:39), must include the products features, product lines, packaging, branding, quality levels, features, warranty, and service levels.

Product differentiation is an important inclusion in this review as it is considered a key aspect to the discussion of the case study in the later chapters. Product differentiation, according to Silbiger, (1993:45), is an issue that includes any way that a marketer can distinguish his product from the rest. Mullins et al., (2005:202), state that "differentiation is a powerful theme in developing business strategies, as well as in marketing." In quoting Michael Porter, Mullins points out, "A company can outperform its rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or both."

According to Ehlers and Lazenby, (2004:126), organisations that pursue differentiation aim to distinguish themselves from competitors by providing consumers with a product or service that is considered unique. The uniqueness of their product often lies in quality, technological superiority or the image of the product. Ehlers and Lazenby, suggest that organisations that consider a differentiation strategy should carefully study consumer needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product that features desired attributes. They state that consumers who value certain attributes more than others are often willing to pay a premium for the product. Ehlers and Lazenby, (2004:127), mention that speed or rapid response has become an important basis for differentiation in a rapidly changing environment with increased emphasis on customer satisfaction and service excellence. According to them speed based competitive advantages can be created through activities like prompt response to customer complaints, speedy delivery, distribution and information processing. They conclude that successful differentiation strategies result in consumer loyalty and customer retention.

2.6.2 Place

According to Perreault and McCarthy, (2005:39), place is concerned with all the decisions involved in getting the right product to the target market. They state that a product often reaches customers through a channel of distribution, which they define as, “any series of firms or individuals that participate in the flow of products from producer to final user or consumer.”

In any review of the distribution channels, Silbiger, (1993:39), states that the goal is to determine what avenues exist and what margins are available. He warns us that the place of sale affects the perception of a product. A distribution strategy, according to him, can differentiate a product from the rest. Silbiger, (1993:40), also suggests that an analysis of the channels of distribution can help determine the potential profits that may be available or whether or not a company is able to deliver the product through the channel at a competitive price.

Silbiger, (1993:43), warns that the question of channel power is crucial in selecting where to sell. In his opinion, if the product is unique and in demand, then the manufacturer has the power to outline the terms of the relationship. If not, the channel's intermediaries will be able to dictate the terms and take as much margin as possible.

As mentioned in the introduction, place also refers to distribution. Distribution decisions, according to Lamb et al., (2005:424) are concerned with making products available when and where customers want them.

2.6.3 Promotion

The third *P*, according to Perreault and McCarthy, (2005:40), is concerned with telling the target market or others in the channel of distribution about the "right" product. Promotion, according to them, is focused on acquiring new customers, and sometimes focused on retaining current customers. They state that promotion includes personal selling, mass selling and sales promotion.

Promotion, according to Silbiger, (1993:49), includes all the advertising and selling efforts of the marketing plan. According to him, the ultimate goal of promotion is to affect buyer behaviour, by creating awareness and interest in the product or service. Silbiger, (1993:49), states that all promotional efforts should be guided by strategy and suggests the use of a push or a pull strategy. Pull strategies, according to him are those efforts that pull buyers to outlets that carry the product while push strategies are efforts that encourage the distribution channels to stock and sell the product.

Silbiger, (1993:50), suggests the use of five general categories of promotional efforts, namely, advertising, personal selling, sales promotion, public relations and publicity and direct selling. According to him, and in the context of advertising, reach and frequency are key quantitative measurements of media goals. He defines reach as the percentage of the target market that sees and

hears a promotion or advertisement, while frequency is the number of times they see or heard it.

2.6.4 Price

Perreault and McCarthy, (2005:40), suggest that in addition to developing the right product, place, and promotion, marketing managers must decide the right price. According to them price setting must consider the kind of competition in the target market and the cost of the whole marketing mix. They warn that if the customers do not accept the price of a product, all planning efforts have been wasted.

Silbiger, (1993:58) states that pricing itself can differentiate a product. He offers the following pricing methods and strategies.

- **Cost Plus** – The simple method of taking the product cost and adding a desired profit margin.
- **Perceived value to the customer** – if the price charged for an item is commensurate with the benefits provided, then it will be considered a good value in the mind of the buyer.
- **Skimming** – Early in the introduction phase of the product life cycle, a company may opt to charge a high price and skim high margins from a new and novel product or service.
- **Penetration** – a penetration strategy would use a low price to gain market share; the goal is primarily to lower costs per unit by producing many units in the hope of eventually controlling a market as a low cost producer.
- **The Price / Quality Relationship** – because consumer perceptions are not necessarily based on the physical attributes of a product, the “perceived” quality is often influenced by its price. Silbiger, (1993:59), states that consumers often attribute the characteristics of style and workmanship to a product just because of the high price charged.

- **Meets Competition** – a situation where strategists frequently decide to match or beat competitor' prices to gain or retain market share in a competitive market.
- **Price based on the price elasticity of the buyer** – Price elasticity describes how a buyer's behaviour changes due to a change in price. Buyers with elastic demand do not readily accept price hikes, while on the other hand, buyers with inelastic demand behaviours do not care about price increases.

2.7 THE IMPORTANCE OF STRATEGIC MANAGEMENT AND VALUE CREATION

“Value creation is ultimately what strategic management is all about”. This is the view of Porth, (2003:21), who further suggests, that in order to create value, organisations must adapt to change. Porth states, “As markets become more globally competitive and technology more advanced, the need for strategic flexibility and responsiveness grows.” According to him, “strategies, both intended and realized, are the engines that produce value and allow the organisation to adapt to its changing circumstances.” Porth, (2003:29), postulates that an essential purpose of any business is to create and deliver consumer value, and to do so at a profit.

2.8 INTRODUCTION TO CONSUMER BEHAVIOUR

Part Two of the literature review examines the various facets in respect of consumer behaviour.

In earlier years, according to Du Plessis and Rousseau (2003:5), marketing research was undertaken on a macro level, with a strong emphasis on who and where, rather than why. According to them, it was during the 1950's that a noticeable shift took place in the approaches of researchers into consumer behaviour. Motivation theorists, at the time, were the dominant contributors to the

explanation of consumer behaviour. Marketers, according to them changed focus from a product-oriented approach to a marketing orientated approach, in which consumer needs were identified and fulfilled at a profit. Du Plessis and Rousseau, (2003:5), inform us that it was during the 1960's and 1970's that various models of consumer behaviour surfaced, which served as frameworks for a better understanding of the relationships involving consumers. Today, consumer behaviour has grown into a fully fledged research discipline and is an important field of study in its own right.

As we enter the twenty-first century, South Africa and the rest of the world are enveloped by the diversity within its population. This diversity is based not only on age, gender, race and nationality, but also on education and occupation, marital status and living arrangements, the consumers' interest and activities, their preferences and opinions, taste in music, and television programmes, clothes and food. There is also a vast difference in their political beliefs and religious attitudes.

This diversity is growing at a rapid pace due to inter-cultural influences. Apart from the diversity among consumers, there is an enormous diversity among retailers i.e. there is a shift in trend from traditional retailers such as department stores, towards shopping malls and complexes such as Pavilion, Sandton City, Four-ways which suggests a shift from mass marketing to niche marketing. The reason why consumers purchase what they purchase and the steps they take to reach their purchase decision is the essence of consumer behaviour and this has intrigued marketers and researchers for years.

Kolb (2001:59), states that "South Africa precariously sits between a first and third world country. Due to the impact of apartheid and the post 1994 elections, understanding consumer behaviour has been a challenge for marketers. The questions of how to position product offerings, to whom and where, is taking on a more critical edge."

According to Hawkins et al., (1998: 7), the “field of consumer behaviour is the study of individuals, groups, or organisations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impact that these processes have on the consumer and society.”

Consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. This includes what they buy, why they buy it, when they buy it, where they buy it, and how often they buy or use it, This behaviour also focuses on the consumer’s post purchase evaluations and the impact such evaluations have on future purchases.

Schiffman and Kanuk (2004:8), state “As consumers, we play a vital role in the health of the economy – local, national and international. The purchase decisions we make affect the demand for basic raw materials, for transportation, for production, for banking: they affect the employment of workers and the deployment of resources, the success of some industries and the failure of others.” Kolb et al., (2001:59), postulate that by studying consumer behaviour one is able to learn that consumers react differently with regard to feelings and emotions although they may be exposed to the same stimulus.

Erasmus, Boshoff and Rousseau (2001:82), state that “consumer behaviour within the discipline of consumer science focuses on consumption behaviour, where the humane aspect of decision making and purchasing is of major importance as opposed to buyer behaviour – the domain of the marketing and business professionals who wish to understand buyer behaviour.”

2.9 THE IMPORTANCE OF CONSUMER BEHAVIOUR

Du Plessis and Rousseau, (2003:3), postulate that in an increasingly competitive environment, all organisations must be consumer orientated. According to them, future customers will be dramatically different from past or, even, present

customers. They caution us that customers will be more demanding, more time driven, more information intensive and more individualistic.

The study of consumer behaviour is of utmost importance in managerial decision-making because businesses need to market their products effectively in order to survive. A comprehensive knowledge of customer's needs and wants, desires and interests, preferences, activities, beliefs, age, gender, marital status, race, occupation and nationality is of utmost importance in developing an effective marketing process. The concept of consumer behaviour is about people and their perceptions and how it influences their decision making process. It includes the study of what, why, when, where and how often customers buy. Marketers have to personalise services and most importantly determine the customers' needs and satisfy them fully.

Erasmus and Donoghue, (1998:38), suggest that the benefit of consumer satisfaction to businesses is that they have managed to provide products to the market that satisfy the needs of customers. This action according to them could in turn ensure the continued existence and growth of the business, particularly if the consumer is satisfied to the extent that he or she shares the positive experience with other consumers.

According to Mithas et al., (2005:205), consumer satisfaction has significant implications for the economic performance of a firm. According to their research, customer satisfaction has a positive impact on customer loyalty and usage behaviour. According to them consumer loyalty will increase usage levels and secure future revenues.

Richins and Verhage (1985:32) found that consumer dissatisfaction had far reaching implications. According to their research any negative experience with a product is generally communicated to an average of five other consumers – a situation that the retailer and the producer would like to avoid at any cost. Furthermore, the reason for dissatisfaction is often attributed to the product or the retailer rather than the incompetence of the consumer.

2.10 CONSUMER BEHAVIOUR MODELS

In order to better understand the diversity and development of consumer behaviour, various models are examined which serve as conceptual frameworks for a better understanding of the different variables from a consumer behaviour perspective. According to Kolb et al., (2001:60), all of us tend to hold various models in our minds, which allow us to make sense of the world, and to help us predict the likely course of events. Models help us in the development of theories, understanding complex relationships and providing the framework for research. Consumer behaviour models are useful to marketers because they map out market assumptions, and enable us to understand, criticise, analyse, evaluate and monitor a particular market. This statement is supported by Erasmus et al., (2001:82) as follows". Consumer decision making models are widely used in consumer behaviour research and study areas to structure theory and research".

In a discussion of the consumer decision models, Erasmus, Boshoff and Rousseau, (2001:82) state, "a model is nothing more than a replica of the phenomena it is designed to present. It specifies the building blocks (variables) and the ways in which they are interrelated."

This section presents an overview of the field of selected consumer models and provides a framework of understanding in the field of consumer models and attempts to place these model types in perspective. Accordingly, this section is much more conceptual than technical in nature. Du Plessis (2003:127) however warns, "Consumer decision models have more explanatory than predictive value".

Consumer behaviour models, according to Dubois (2000:122) can be classified into two categories, namely monadic models and multi-variable models. Monadic models are simplified models, which tend to create unrealistic and uneven views towards consumer behaviour. Although they are not complex enough for an in-depth analysis of consumer behaviour, they are helpful in creating a basic and

general foundation for the understanding of consumers. Some examples of monadic models include the Nicosia Model, the Basic Decision Making Model, and the Kotler and Armstrong Model.

According to Dubois (2000:122), multi-variable models on the other hand are more complex and include the relationships between the external and internal influences that may affect the purchase behaviour of a consumer. Such models include the Engel, Kollat Blackwell Model, the Howard-Sheth Model and the Howard-Ostlund Model. (Chisnall 1995:94).

For the purposes of this research, the chosen models of evaluation are the Nicosia Model, the Theory of Reasoned Action and the Basic Decision Making Model.

2.10.1 The Nicosia Model

This model is a circular process between an organisation and the consumer. Bettman and Jones (1986:544), postulate that consumer behaviour is represented as a series of decisions, which follow each other. The model analyses consumer decisions through four fields: message exposure, information search, evaluation, and purchase and feedback. In field one; the consumer develops an attitude towards a product. In the second field the consumer develops a motivation after evaluating the product. The consumer purchases the product in the third field, the results of which are memorized for future reference in field four.

According to Dubois (2000:154), this model is monadic and lacks the inclusion of social and family influences and only takes into consideration the decisions made solely by the individual. This may prove misleading as many consumer purchasing decisions are probably more accurately seen as collective decisions in that they are influenced by many others, such as one's immediate family or peer members. This model also tends to focus on durable products rather than

on routine purchases such as bread. The lengthy purchase cycles mentioned in the model make it appropriate for infrequently made purchases only.

Taking the above-mentioned limitations into account, it can be argued that the Nicosia Model is not suitable for use in the research of consumer behaviour in respect of bread purchases.

2.10.2 The Theory of Reasoned Action

According to Taylor (2006:4), the Theory of Reasoned Action states that individual performance of a given behaviour is primarily determined by a person's intention to perform that behaviour. This intention is determined by two major factors: the person's attitude towards the behaviour (i.e., beliefs of the outcomes of the behaviour and the value of these outcomes) as well as the subjective norms of influential people and groups that could influence those attitudes.

Taylor (2006:5), further states that "According to the Theory of Reasoned Action, attitudes could be based on past experiences." Attitudes are made up of beliefs that a person accumulates over his lifetime. Some beliefs are formed from direct experience, some are from outside information and others are inferred or self generated. From a TRA perspective, the important aspect of one's attitude is whether or not it is positive, negative, or neutral." For example, if a consumer believes that the purchase of an Albany loaf of bread will satisfy his family's needs (desired outcome) in terms of freshness, then one could say that the consumer has a positive attitude towards that behaviour.

Taylor (2006:5) warns that, "One limitation of this theory comes from the nature of the self reporting used to determine a subjects' attitudes. No direct observation is used in the application of this theory; only self reported information is used. Self reported data is very subjective and is not necessarily always accurate." The greatest limitation of the theory stems from the assumption that behaviour is under volitional control. That is, the theory only applies to behaviour that is

consciously thought out before hand. Irrational decisions, habitual actions or any behaviour that is not consciously considered cannot be explained by this theory”

Taking the above-mentioned limitations into account, it can be argued that the Theory of Reasoned Action Model is not suitable for use in the research of consumer behaviour in respect of bread purchases.

2.10.3 Basic Decision Making Model

Kotler and Armstrong (2004:198) describe the Basic Decision Model as having five stages: Need recognition, Information search, Evaluation of alternatives, Purchase decision, and Post purchase behaviour. While many theorists include personal, psychological and social influences to this model, this model is appropriate for use for the purposes of this research.

Erasmus, Boshoff and Rousseau (2001:83) on the other hand, postulate that consumer behaviour models usually refer to five elements of the consumption process, namely, the recognition stage, pre-search stage, alternative evaluation stage, choice stage, and outcome evaluation stage. They state that the classification in terms of the various stages of consumer decision making is typical of the rational method of consumer decision making. Walters (as cited by Erasmus, Boshoff and Rousseau (2001:83) states that consumer decision making models provide broad, organised structures that reflect the basic process of consumer decision-making from certain viewpoints and within certain contexts.

After investigating and evaluating the strengths and limitations of the Nicosia Model, the Theory of Reasoned Action and the Basic Decision Making Model, it is believed that the contributions of the Basic Decision Making Model will prove helpful for the purposes of this evaluation. It is clear that consumer behaviour is a sequential process, which involves various activities and that the outcome of the process will influence the consumer in a certain way.

The Basic decision-making model is a logical way of evaluating the consumer buying process by looking at the entire process rather than just the purchase in order to understand why a consumer may make a purchase or why they become loyal or not. Although not all the steps are relevant, especially to impulse and routine purchases, the stages show all the factors a consumer may have to deal with when purchasing a new product. The following section discusses the consumer decision making process, with a review of the five stages as suggested by the basic decision making model.

2.11 THE CONSUMER DECISION MAKING PROCESS

2.11.1 Need Recognition

According to Lamb et al., (2005:73), the first stage in the consumer decision process is need recognition – that is, the realisation that an unfulfilled need exists. They contend that a need or problem recognition occurs when consumers are faced with a discrepancy between an actual state (I do not have a house) and a desired state (I want a house). According to them, need recognition is triggered when a consumer is exposed to either an internal or an external stimulus – hunger and thirst are internal stimuli. While Lamb et al., (2005:73), acknowledge that marketers cannot create a need such as hunger, thirst or homelessness; they can create wants for the consumer. According to them consumers recognise unfulfilled wants in various ways. The most common occur when a product is not performing properly or when the consumer is about to run out of something that is generally, kept on hand. Consumers may also recognise unfulfilled wants if they hear about or see a product whose features make it superior to the one currently used.

According to Mitchell (2006:1), it is at this stage of the process that clear understandings of the desired goals are made. Mitchell (2006:2), states that this initial stage involves identifying firstly the principal objectives that a successful decision should address and secondly the inclusion of possible constraints that could affect the successful completion of the objectives.

Kotler and Armstrong (2004:199) confirm that the buying process starts when the buyer recognises a problem or need. This can be triggered by internal stimuli when one of the person's normal needs – hunger, thirst, security – rises to the level high enough to become a drive. They also confirm that needs, can be triggered by external stimuli, example, culture or cultural values.

2.11.2 Information Search

According to Lamb et al., (2005:74), once a consumer recognises a need or a want, he or she searches for information about the various alternatives available to fulfill their needs or wants. Lamb et al., (2005:74), mentions two ways in which this happens: an internal or an external information search. According to them, an internal information search is a process of recalling information stored in the consumer's memory. This stored information stems largely from previous experience with a product. In contrast an external information search seeks information from the outside environment. They further postulate that there are two types of external information sources; a non-marketing information source and a marketing controlled information source. A non-marketing controlled information source is one where marketers have nothing to do with promoting a particular product. According to them, a marketing information source, on the other hand, is by definition biased, because it originates with marketers promoting the product or service.

Kotler and Armstrong (1999:67), suggest that, once a need has been recognised, the consumer undertakes an information search related to the need. They state, "The consumer can obtain information from personal sources (family, friends, neighbours, acquaintances), commercial sources (advertising, salespeople, dealers, packaging, displays), public sources (mass media, consumer rating organisations), and experimental sources (handling, examining, using the product)."

According to Erasmus, Makgopa and Kachale (2005:89), Consumers with limited product related knowledge and experience might for instance trust cues such as store image, salespeople, friends and colleagues, advertisements and guarantees as indications of quality.”

While many decisions are made within certain time constraints and sometimes in partial ignorance, Lamb et al., (2005:75), point out that the extent to which an individual conducts an external search depends on his or her perceived risk, knowledge, prior experience and level of interest in the goods or service. When the perceived risk of the purchase increases, the consumer enlarges the search and considers more alternative brands. Feelings, hunches or intuitive urges must be part of ones collection of facts.

2.11.3 Evaluation of Alternatives

Lamb et al., (2005:76), state that after having identified the need and after securing all possible facts, the consumer is ready to make a decision. According to them, this decision is aided by the information search process and helps the consumer set criteria for product choice. According to them, one way that the consumer narrows down the number of choices is to select an important attribute and then exclude all products in his or her range of alternatives that does not have this attribute.

Kotler and Armstrong (2004:200), on the other hand state, “The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go through evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating: instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides, or salespeople for buying advice.”

The dimensions of performance in the evaluation of alternatives, is mentioned by Hawkins, Best and Coney, (1998:550), who suggest that performance expectations from a service provider perspective is a critical factor in the decision making process of the consumer. According to them, a major study of the reasons why customers' switch service providers or outlets is because of the perceived problems with their existing service providers or outlets. Consumers have negative reactions to delays over which they believe the service provider has control of.

2.11.4 Purchase Decision

This step involves making the decision to purchase and involves a selection of one of the alternatives or sometimes more than one and in some cases none. Kotler and Armstrong (2004:200) state that "The consumer's purchase decision will be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision." They go on to suggest that first factor is the attitudes of others, e.g. family members who believe, for example, that the lower price option is better. The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. Kotler and Armstrong (2004:200) conclude that "preferences and even purchase intentions do not always result in actual purchase choice."

2.11.5 Post Purchase Behaviour

According to Kolb, (2001:95), the fifth stage of the Basic Decision Making Model involves evaluating the experience and satisfaction derived from the decision to purchase. It is at this stage that the purchaser or decision maker learns from his/her experiences. If the experience was enjoyable, a re-purchase is likely. Kotler and Armstrong, (2004:201) remind us that, "The marketer's job does not end when the product is bought. After purchasing the product, the consumer will

be satisfied or dissatisfied and will engage in post purchase behaviour of interest to the marketer.”

Kotler and Armstrong, (2004:201) state, If a product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted.” Schiffman and Kanuk (2004:570), point out that “An important component of post purchase evaluation is the reduction of any uncertainty or doubt that the consumer might have had about his selection. As part of their post purchase analysis, consumers try to reassure themselves that their choice was a wise one; that is, they attempt to reduce post purchase cognitive dissonance.” Cognitive dissonance as defined by Kotler and Armstrong, (2004:201) as “buyer discomfort caused by post purchase conflict.”

According to Lamb et al., (2005:78), consumers try to reduce dissonance by justifying their decision to purchase in three ways. One, they may seek new information that reinforces positive ideas about their purchase, confirming that it was the right decision. Secondly, they would avoid information that contradicts their decision, or they may revoke their original decision by returning the product. Lamb et al., (2005:78), warns that dissatisfied consumers sometimes rely on word-of-mouth to reduce cognitive dissonance by letting friends and family know they are displeased.

2.12 TYPES OF CONSUMER DECISIONS AND CONSUMER INVOLVEMENT

According to Lamb et al., (2005:77), it is common knowledge that as consumers, different products elicit different behaviour because of their inherent importance to the buyer and user. While the consumer decision making process of need recognition, information search, evaluation of alternatives, purchase decision and post purchase behaviour suggests a lengthy 5 step process, not all purchase making decisions follow this process while trying to satisfy a need.

According to Lamb et al., (2005:78), all consumer buying decisions generally fall along a continuum of three broad categories: routine response behaviour, limited decision making and extensive decision making. Lamb et al, (2005:78), suggests that the above mentioned categories can best be described in terms of the following five factors:

- The level of consumer involvement.
- The length of time a buyer or consumer takes to make a decision.
- The cost of the product or service.
- The degree of information search the consumer does, and
- The number of alternatives the consumer or buyer considers before actually buying.

According to Lamb et al., (2005:79), the level of consumer involvement is perhaps the most significant determinant in classifying buying decisions. According to them, involvement is the amount of time and effort that a buyer invests in the search, evaluation and decision process of consumer behaviour. Frequently purchased, low cost goods and services are generally associated with routine response behaviour. These goods can also be called low-involvement products because consumers spend little time in deciding to make a purchase. Consumers are usually familiar with several brands in the product category, but stick to one brand. According to Kotler and Armstrong, (2004:198), consumers passively receive information on low involvement products through television and magazines and do not have strong attitudes towards a brand. They further add that marketers of low-involvement products with few brand differences often use price and sales promotions to stimulate sales. They forward the suggestion that advertising campaigns should include a high repetition of short duration messages.

Lamb et al., (2005:79), point out that goods or services that are purchased regularly and that are not considered expensive are generally associated with limited decision making. Although these decisions are associated with low levels of involvement, they are much higher than routine decisions. While Kotler and

Armstrong, (2004:198), call this behaviour a “variety seeking buying behaviour”, they characterise this behaviour with a lot of brand switching. Brand switching, according to them, occurs for the sake of variety rather than because of dissatisfaction.

Lamb et al., (2005:79), postulates that consumers practice extensive decision making when buying an unfamiliar, expensive product or an infrequently purchased item. This process, according to them, is the most complex type of consumer buying decision and is associated with high involvement on the part of the consumer. According to Silbiger, (1993:24), the extensive decision making behaviour, is characterised by the high prices of the product, and the need for the products psychological reward.

Stanton et al., (1992:135), remind us that it is important to note that a low involvement product to one consumer, may be a high involvement product to another consumer and vice versa, and therefore involvement must be viewed from the perspective of the consumer and not the product.

2.13 SUMMARY

The first part of the literature review provides an overview of the strategic management process. This chapter highlights the fact that the challenge of change in today’s business environment makes the whole process of strategic management so much more important, in order to survive. The chapter follows through a sequence of critical steps in determining an organisations strategy, starting with an evaluation of the environment in order to set a strategic direction.

The industry appraisal in terms of assessing its dominant economic features, the competitive forces facing the industry, the forces that drive change in the industry and the key success factors in the industry is considered invaluable and imperative for the strategic management process.

The competitive strategies of low cost leadership, differentiation and focus strategies are discussed as management options depending on the evaluation of the organisation's position in relation to the environment. This chapter examined the marketing strategy from a marketing mix perspective and undertook a discussion of the various components making up the marketing mix, also commonly known as the Four *P*'s of marketing mix, namely product, place promotion and place. The chapter also looked at the success factors of product positioning. The first part of the chapter concludes with the mention of the all important customer driven strategy and the importance of value creation.

The second part of the literature review in this chapter introduces consumer behaviour and traces its origins dating back to the 1950's where motivational theorists dominated the contributions to the explanation of consumer behaviour. The chapter progresses to the explanation of various models used in the study of consumer behaviour and contrasts, for each model, both its benefits and limitations.

The chapter reinforces the importance of the study of consumer behaviour and its role in the managerial decision-making process, based on the need of businesses to market their products effectively in order to survive. Considerations in respect of a comprehensive knowledge of customer's needs and wants, desires and interests, preferences, activities, beliefs, age, gender, marital status, race, occupation and nationality is viewed as critically important in developing an effective marketing process. The review acknowledges that the concept of consumer behaviour is about people and their perceptions and explains its influences on the decision making process. The chapter further reinforces the belief that marketers have to personalize services and most importantly determine the customers' needs and satisfy them fully.

Consumer behaviour is a very complex process. Treating it as a sequential decision activity helps us deal with the process and its determinants. The decision process can be characterised as a sequence of stages beginning with need recognition, and proceeding with information search, alternative evaluation,

purchase decision and ending with post purchase behaviour. This process is examined with the intention that they will serve as a guideline for a more meaningful understanding of the concept of consumer behaviour.

Chapter Three will detail the research methodology used for the purposes of this study.

CHAPTER 3

THE RESEARCH METHODOLOGY

3.1 INTRODUCTION

According to Saunders et al., (2003:3), research is a process that is undertaken in order to find out things in a systematic manner, which leads to knowledge enhancement. Saunders et al., (2003:3) suggests that research is based on logical relationships and not just beliefs. The term methodology, on the other hand, refers to the theory of how research is to be done.

In this study the term methodology will refer to the system of methods and principles, which will be used to explain how the study will be conducted, in order to achieve the objectives briefly mentioned in Chapter 1.

Firstly, the research design and methodology will be discussed. Thereafter data processing, analysis and the evaluation of the results will be presented. This will be followed by the recommendations and final conclusion in Chapter 6. Table 3.1 represents the research process that will be followed as suggested by Gilbert and Churchill, (1996:54).

Table 3.1: The Research Process

Step 1.	Formulate the Problem
Step 2	Determine the research design
Step 3	Develop the data collection method
Step 4	Design data collection approach
Step 5	Design the sample and collect data
Step 6	Analyse and interpret the data
Step 7	Prepare the research report

Source: Gilbert and Churchill (1996:54)

3.2 THE PROBLEM STATEMENT

As mentioned in Chapter One, the first step of the research process as suggested by Gilbert and Churchill, (1996:55), is the definition of the problem statement. In ordinary language the word “problem” carries a negative connotation: something is wrong and needs attention. On the other hand, “opportunities” are situations where something is not necessarily wrong but performance can be improved. Malhotra, (1993:35), suggests that management decision problems and marketing research problems encompass both “problems” and “opportunities”. Malhotra, (1993:35) states, that from a marketing perspective, a marketing opportunity must be translated into a marketing research problem which can then be investigated.

The discussion identified certain factors, which may assist in determining the various influences in consumer behaviour in respect of bread purchases. These include

- **To determine the strategy going forward of Albany Bakeries Gauteng in respect of meeting and satisfying the evolving consumer demands of the future.** While markets, competition and technology change, customers also change. There is a suggestion that there is a gradual shift by the South African consumer towards the Western orientated diets as a result of the socio-political changes currently taking place. Albany Bakeries need to anticipate and watch these changes and keep consistently on top of its market. *Food choices and consumer decision patterns as well as food purchase behaviours, which can be considered as part and parcel of lifestyle is supposedly currently changing.* With the emergence of a consumer hungry middle class, businesses need to eye trends towards increased health consciousness, in order to increase sales and market share

- **To determine the factors influencing consumer behaviour in respect of bread purchases in the Gauteng distribution area.** As a marketer it is crucial to know who buys what, and when and where they buy it. With the prevailing war for market dominance in the highly competitive and cut-throat bread industry, this information is required to create competitive strategies to maximize corporate profitability and to ensure the long term participation of the business in the industry.
- **To determine the quality of Albany Bakeries existing service levels and highlight areas for improvement.** Management in most organisations are often of the opinion that they provide a top level service to the consumers they service. Obtaining the consumers perspective in this regard allows the business to initiate steps in improving and maintaining existing service levels.

3.3 THE OBJECTIVES OF THE STUDY

3.3.1 The Primary Objective

► The primary objective of this study is:

To determine the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries.

3.3.2 The Secondary Objectives

► More specifically to this study is:

- To determine the strategic priorities of Albany Bakeries in relation to keeping consumers satisfied.
- To determine the drivers of consumer behaviour in respect of bread purchases.
- To determine whether Albany Bakeries is consumer centric.
- To determine how Albany compares to its opposition in terms of product attributes.

3.4 THE RESEARCH DESIGN

According to Table 3.1, the first step in the research process is formulating the problem. This was discussed in 3.2 above. The next step is research design. Research design as defined by Smith, Thorpe and Lowe, (1996:33), is about organizing research activity in such a way that is most likely to achieve the research aims. This process includes the collection of data. Gilbert and Churchill, (1991:1045), refer to the research design as a framework for a study, which directs the data collection process.

According to Saunders, Lewis and Thornhill, (2003:96), there are three types of research design, namely explanatory, descriptive and exploratory research. Explanatory research, according to them, is used to establish the relationships between variables and explain the relationships between these variables. Saunders et al., in citing Robson, (2002:59), state that the object of descriptive research is to “portray an accurate profile of persons, events or situations.” Saunders et al, are of the view that exploratory studies are a valuable means of establishing what is happening and to seek new insights by assessing issues in a new light. The research problem pertaining to this study has not been formally researched before and little is known about this subject. Exploratory research therefore applies to this study and is discussed below.

3.5 THE DATA COLLECTION METHOD

The data collection method is the third step in the research process suggested by Gilbert and Churchill, (1996:54). According to Tull and Hawkins, (1993:102), market research comes from two sources, secondary sources and primary sources. Secondary data is obtained from sources outside a business and does not contain specific information about a particular business. Such data may include government census reports, economic and production data, surveys etc. Tull and Hawkins, (1993:102), state that secondary data is usually data that was collected for some other purpose other than helping with the problem at hand.

The advantages and disadvantages of secondary data is listed in the table 3.5 below.

Table 3.5

The Advantages and Disadvantages of Secondary Data

Advantages	Disadvantages
Cost effective in terms of time and money	Can be inaccurate
Helps in formulating the problem	Often out of date
Provides comparative data for better interpretation of primary data	Does not fit the defined problem

From the above table it can be seen that secondary data although very useful, is not always reliable. The literature study conducted in Chapter 2 was done as part of the secondary data collection process.

Gilbert and Churchill, (1996:54), state that, if data specific to a research topic is unavailable or unsuitable for the research problem, primary data collection methods should be used. Tull and Hawkins, (1993:163) state that primary data is data generated from within a business. It can come from customers, potential customers, employees, suppliers or other sources involved in a particular business. The collection of primary data is therefore the second data collection method. The literature study that was conducted in Chapter two provided data on various aspects of the research topic. As no formal research was done in South Africa with regard to the research topic, primary data will be collected to address the stated objectives.

3.6 THE DATA COLLECTION APPROACH

Step four of the suggested research process according to Table 3,1 is the data collection approach. Tull and Hawkins, (1993:60), state that there are three data collection approaches namely, secondary research, survey research and experimental research. According to them, secondary research is the utilization of data that was developed for some other purpose other than helping solve the problem at hand. These can be further divided into internal and external secondary data. Internal secondary data is data generated from within the organisation while external secondary data is generated from sources outside the organisation.

Tull and Hawkins, (1993:61), posit that survey research takes the form of systematic collection of information directly from respondents. Examples of such research may include telephone interviews, mail interviews, personal interviews or computer interviews. Experimental research is where the researcher manipulates one or more variables in such a way that its effect on one or more variables can be measured. Examples cited by Tull and Hawkins, (2003:61), include laboratory and field experiments.

The data collection approach to be used for this study will be the secondary research approach together with a survey research approach.

3.6.1 Selection of the Measurement Technique

Tull and Hawkins, (1993:63), state that there are four measurement techniques used in market research, namely, questionnaires, attitude scales, observation and depth interviews and projective techniques. They further suggest that the selection of a measurement technique is influenced primarily by the nature of the information required and secondarily by the value of the information.

According to Tull and Hawkins, (1993:63), questionnaires are a structured instrument for asking information directly from respondents concerning behaviour, demographic characteristics, level of knowledge and attitudes, beliefs and feelings. Attitude scales on the other hand are formalized instruments for eliciting self reports of beliefs and feelings concerning objects. Observations, according to them, is the direct examination of behaviour while depth interviews and projective techniques are designed to gather information that respondents are either unable or unwilling to provide in response to direct questioning. The use of questionnaires will be used for this study as according to Smith, Thorpe and Lowe, (1991:120), they are widely used in large scale investigations of consumer opinions.

3.6.2 Qualitative and Quantitative Data

Just as primary and secondary data both have a place in research, so do quantitative and qualitative data. According to Tull and Hawkins, (1993:64), and Saunders, Lewis and Thornhill, (2003:378), there are two types of data, qualitative and quantitative. Quantitative data is data that is expressed as quantities, percentages, or numbers. This is the kind of data one gets from questionnaires that ask multiple choice questions or require people to rank service offered on a scale. Qualitative on the other hand is data that cannot be charted and which is not statistically meaningful. Its value lies in the fact that it is great for giving one insights into the psychological subtleties of people. The distinction between quantitative and qualitative data is offered in Table 3.6 by Saunders, Lewis and Thornhill, (2003:378).

Table 3.6

The distinction between quantitative and qualitative data

Quantitative data	Qualitative data
Based on meanings derived from numbers	Based on meanings expressed through words.
Collection results in numerical and standardized data	Collection results in non standardized data requiring classification into categories.
Analysis conducted through the use of diagrams and statistics	Analysis conducted through the use of conceptualisation

3.6.3 The Questionnaire Design

According to Smith, Thorpe and Lowe, (1991:120), the main decisions to be made in questionnaire design relate to the type of questions to be included and the overall format of the questionnaire.

Malhotra, (1993:319), states "The greatest weakness of questionnaire design is lack of theory. Because there is no scientific principles that guarantee an optimal or ideal questionnaire, questionnaire design is a skill acquired through experience." The aim of this study is to determine the factors influencing consumer behaviour in respect of bread purchases. The questionnaire in this study will mainly make use of predetermined answers. The predetermined answers will therefore reflect potential factors that are likely to influence consumer behaviour in respect of bread purchases.

While questions of fact and questions of opinion are included in the questionnaire, the questionnaire makes use of a combination of open and closed questions in order to allow respondents to answer in their own way. Smith, Thorpe and Lowe, (1991:120), state that the strength of closed questions is that they are quick to complete and analyse: the weakness is that the data obtained may be very superficial. An open question, according to them allows for the

possibility of asking deeper questions, but the corresponding weakness is that completion is time consuming.

In an effort to improve the validity of the questionnaire, all questions are clearly worded, using familiar terms. The use of ranking questions was also used. Saunders, Lewis and Thornhill, (2003:295), state that a ranking question asks the respondent to place things in rank order, in order to discover their relative importance to the respondent. A Likert scale will be used to determine the respondent's perceptions about certain statements. According to Saunders, Lewis and Thornhill, (2003:296). "a Likert scale refers to a scaling technique, where a large number of items, which are statements of beliefs, are revealed."

The suggestion as forwarded by Smith, Thorpe and Lowe, (1991:119), in respect of questionnaire layout is followed. A short covering letter explaining the purpose of the research and how and why the respondents were selected is provided. Brief instruction on how to complete the questionnaire is included.

As with any research involving the use of human subjects, the questionnaire was presented to the University Research Ethics Review Committee for approval.

Once the approval from the University Research Ethics Review Committee was secured, a pilot test was conducted on a sample of 10 respondents for the purposes of refining the questionnaire. They were asked to complete the questionnaire and report the time it took to complete and to note any wording or question they thought was unclear or confusing. Their input necessitated minor changes to the instrument. The final questionnaire was divided into three sections to extract the following information:

Section A	General Demographic Information
Section B	Consumer's perception of product choice and preferences, together with the consumer's perception in respect of price, outlets and satisfaction
Section C	Factors that influence consumer behaviour

3.7 THE SAMPLE METHOD

Step five of the suggested research process according to Table 3,1 is designing the sample and the collection of data.

3.7.1 Define the Population

Lind, Marchal and Wathen, (2005:7), describe a population as "the entire set of individuals or objects of interest or the measurements obtained from all individuals or objects of interest." While it is impossible to contact everyone in a population in order to obtain their thinking on a particular subject matter, a sample of the population is used. The main aim of sampling is to construct a subset of the population which is fully representative in the area of interest. It is therefore possible to infer statistically the likelihood that a pattern observed in the sample will be replicated in the population.

3.7.2 Determining the Sampling Frame

Malhotra, (1993:353), states that a sampling frame is a representation of the elements of the population, and consists of a list or set of directions for identifying the target population. While the sample form used for this study was the convenient sample approach, care was taken to reflect, as accurately as possible the make up, of the target audience. This method ensured that anyone in the population had an equal chance of being selected for the sample. This method of selection ensured that firstly, researcher bias was eliminated and secondly

consumer response was encouraged irrespective of their buying patterns. Once the instrument was finalised, and letter of ethical approval received, the questionnaires was distributed.

The sample was considered a convenient one, as friends and family of the researcher helped distribute and collect the questionnaires. Distribution of the questionnaire was restricted to the greater Gauteng geographical area as Albany Bakeries delivers bread in the Gauteng area. In an effort not to unconsciously make choices which could bias the survey results, questionnaires were handed to various schools and research was carried out in supermarkets in the Germiston, Manna, Randfontein and Pretoria areas. As the target audience contains people of various races, ethnic groups and respondents of varying income levels, care was taken to include a representative number of people in the survey. This method of questionnaire distribution also ensured that all geographical areas of the greater Gauteng core market area were covered.

3.7.3 The determination of the sample size

Boyd, Westfall and Stasch, (1989:360), suggest that there are two sampling techniques available, namely a probability and a non-probability sampling technique. They state that probability sampling methods are those in which every item in the universe has a known chance, or probability, of being chosen for the sample. Non-probability sampling methods, according to them, are those that do not provide every item in the universe with a known chance of being included in the sample. This study makes use of a non-probability technique. Non-probability sampling therefore relies on the personal judgment of the researcher to select the sample elements.

With regards to sample size, Martins et al., (1996:256) states that there is no statistical formula to choose the sample size of a non-probability sample. Due to financial constraints and the limited time available, the questionnaire was distributed to 300 respondents. As a means to protect the identity of the

respondents, personal information of the respondents was not required as part of the questionnaire. Those interested in receiving the results of the research were advised to contact the researcher by posting back the detachable part of the questionnaire to the address provided.

3.7.4 Define the Sampling Plan and Sampling Errors

The sampling plan involves the specification of how each of the decisions made thus far was to be implemented. The distribution of the questionnaires to family and friends was completed over the weekend and collected a week later. The researcher maintained a list of the names of the persons to whom questionnaires was hand to, for purposes of control during collection. The impact of the various potential errors that could influence the research results was taken into consideration.

Tull and Hawkins, (1993:69), caution against measurement error, which according to them, is the gathering of information that is different to what is being sought. A difference between the information desired, to the information supplied falls in this category. The study acknowledges that this type of error is difficult to control.

Another error mentioned by Tull and Hawkins, (1993:70), is selection error. This type of error occurs when a non-representative sample is obtained by non-probability sampling methods. By restricting the distribution of the questionnaires to the greater Gauteng area, the researcher has tried to circumvent this error type.

Failure to contact all members of a sample or failure of some contacted members of a sample to respond, according to Tull and Hawkins, (1993:70) is non response error. The number of questionnaires circulated, by the researcher took cognisance of this eventually and anticipated a 5% to 10% factor for non response.

Tull and Hawkins, (1993:69), also caution against population specification error. According to them, this type of error is caused by selecting an inappropriate universe or population from which to collect data. The questionnaire design takes this into account by clearly and specifically requesting the respondent that makes the bread buying decision to complete the questionnaire.

The different techniques that will be used to analyse the data will be described in the next section.

3.8 DATA ANALYSIS

The sixth step of the research process discussed in the introduction of this chapter is data analysis. The transformation of the collected data into meaningful results is the essence of data analysis, according to Malhotra, (1993:95). According to him, descriptive analysis is, “a type of conclusive research which has as its major objective the description of something – usually market characteristics or functions.” He further suggests that descriptive research assumes that the researcher has some prior knowledge about the problem situation. It was stated in Chapter One and in 3.3 above, that the aim of this study was to determine the factors influencing consumer behaviour in respect of bread purchases. A descriptive analysis is therefore appropriate for this study.

Before the descriptive analysis method can be selected and applied, the raw data was first edited and coded. A discussion of editing and coding is entertained in 3.8.1 below.

3.8.1 Editing and Coding

Malhotra, (1993:455), describes editing as a review of the questionnaires with the objective of increasing accuracy and precision. According to him, it consists of screening questionnaires to identify illegible, incomplete, inconsistent and ambiguous responses. In the event that a respondent has provided two answers

to a particular closed question, the answer will be ignored. Depending on the importance of the question, the entire question may be ignored or the researcher will assign missing values to unsatisfactory responses. After editing, the questionnaires will then be coded.

Coding refers to assigning a code, usually a number, to each possible response to each question. Malhotra, (1993:456). As an example, the sex of the respondents will be coded as 1 for females and 2 for males. All codes in respect of structured questions will be assigned before the field work is conducted. Codes will only be assigned to unstructured or open ended questions after the questionnaires have been returned. The answers to the open ended questions will be coded according to the type of response given. All similar types of answers will be coded in one category.

3.8.2 Descriptive Data Analysis Technique

The responses from the coded questionnaires will be captured using the SPSS software from The University of Kwa-Zulu Natal. The final analysis of the research will then be made in Chapter Six.

Basic data analysis, according to Malhotra, (1993:509), provides valuable insights and guides the rest of the data analysis as well as the interpretation of the results. Saunders, Lewis and Thornhill (2003:339) reveal that the simplest way of summarizing data for individual variables so that specific values can be read is to use a table (frequency distribution). According to Malhotra, (1993:481), a frequency distribution is a mathematical distribution whose objective is to obtain a count of the number of responses associated with different values of one variable and to express these counts in percentages. Due to the exploratory nature of this study, frequency distributions will be used to describe the data resulting from the questionnaire. The frequency distributions will provide a summary picture of the sample in terms of the different variables.

A frequency distribution will be obtained for each variable in the data. This analysis will produce a table of frequency counts, percentages and cumulative percentages for all values associated with each variable.

The descriptive analysis discussion will also be supported by graphs. Saunders, Lewis and Thornhill (2003:343), recommend the use of pie charts. According to them, it is the most frequently used diagram to emphasise the proportion or share of occurrences. Pie charts will be therefore be used in the analysis discussions.

Individual responses to the questions in the questionnaire will not provide sufficient information for conclusions to be drawn. The cross tabulations, which will be done, will assist with the drawing of conclusions, but more simplified measures will be used to make the final analysis and conclusions. The simplified measures, which will be used, entail the following:

- The Median - Lind, Marchal and Wathen (2005:62), defines the median as the midpoint of the values after they have been ordered from the smallest to the largest or from the largest to the smallest. They further state that the median is unique in that there is only one median for a set of data.
- The Mean - Lind, Marchal and Wathen (2005:58), state that the sample mean is equal to the sum of the values in the sample divided by the number of values in the sample. The mean will be calculated to determine the average value of a variable.
- The Mode – is defined by Lind, Marchal and Wathen (2005:63) as the value of the observation that appears most frequently in the sample.

The use of the mean, mode and medium of the frequency distribution will be used to measure the central tendency of the results.

Further analyses will be done to determine the relationship among the variables. The analyses will be done with the following measurement.

- Standard Deviation – The calculations, which will be used to determine the variation, is called the standard deviation. Tull and Hawkins (1993:616), state that the standard deviation measures how “spread out” the data is. It follows therefore that the smaller the deviation, the more the observations will cluster around the mean and thus little variability will exist among the responses.
- The correlation coefficient – The correlation coefficient will be used to determine the relationship between two variables, which were stated in the questionnaire. Gujarati (1999:47), states that the correlation coefficient can be positive or negative and that the correlation coefficient always lies between -1 and + 1. Gujarati (1999:47) states that if the correlation coefficient is +1, it means that the two variables are perfectly positively correlated, whereas if the correlation coefficient is -1, it means they are perfectly negatively correlated. Spearman’s correlation coefficient will be used in this study.

The discussion about the correlation coefficient, which will be used, concludes the discussion on the research analysis. The last step in Table 3.1 refers to the preparation of the research report. Chapter Six in this study will be dedicated to this last step in the research process. Conclusions about the objectives, established in Chapter one, will be made, as well as recommendations for future research on this topic.

3.9 THE VALIDITY AND RELIABILITY OF THE RESULTS

Before the results on a question-by-question basis is discussed; the validity and reliability of the results will be discussed. The aim is to create the correct context, in which the results will be reported and interpreted.

3.9.2 The Validity of the Results

Kinnear and Taylor, (1996:232), state that the validity of a measure refers to the extent to which the measurement process is free from both systematic and random error. According to them, systematic errors are errors that cause a constant bias in the measurements. The second component of total error of measurement is random error, which involves influences that bias the measurements but are not systematic. The validity of this study can, therefore not be calculated statistically, but can however be evaluated on the face value of the questionnaire.

Kinnear and Taylor, (1996:235), revealed that there are four basic approaches to validity assessment, namely construct validation, content validation, concurrent validation and predictive validation. Construct validity involves understanding the theoretical rationale underlying the obtained measurements. According to them, the approach is to relate the construct of interest to other constructs such that a theoretical framework is developed for the marketing phenomenon being measured.

Kinnear and Taylor, (1996:235), argue that content validity involves a subjective judgment by an expert as to the appropriateness of the measurement. Content validation refers to the determining of the representativeness of the items in the measuring instrument.

Kinnear and Taylor, (1996:236), state that concurrent validity involves correlating two different measurements of the same marketing phenomenon which have been administered at the same point in time. They offer that predictive validity involves the ability of a marketing phenomenon at one point in time to predict another marketing phenomenon at a future point in time.

After the literature study was conducted and the research methodology was designed in Chapter Three, a potential questionnaire was drawn up. The questionnaire was distributed to respondents with characteristics similar to those of the intended sample of the study. The purpose of the pre-test phase was to measure the validity of the questionnaire, bearing in mind the approaches to validity assessments, which were described. It was decided that the content validity approach would be used, as the aim of the pre-testing was to determine whether information on the factors affecting consumer behaviour could be captured adequately. Feedback from the pre-testing was obtained and corrections were made to ensure that a validated questionnaire was used in the field study.

In addition to the validity of the questionnaire, the reliability of the results was a further concern that needed attention.

3.9.3 The Reliability of the Results

Kinnear and Taylor, (1996:232), suggest that the reliability of a measure refers to the extent to which the measurement process is free from random errors. Reliability, according to them, is concerned with the consistency, accuracy and predictability of the research findings.

Gilbert and Churchill, (1993:495), argued that, if a measure were valid, there will be little need to be concerned about reliability. The pre-testing of the questionnaire made provision for a valid questionnaire. There will, therefore, be no in-depth focus on reliability of the questionnaire.

After the above considerations were implemented, the field study was conducted.

3.10 SUMMARY

This chapter described the research methodology that will be used and defines the problem statement and outlines both the primary and secondary objectives of this study. While the research to be conducted is viewed as exploratory in nature, it is anticipated that the subsequent data and results will provide insight into the research problem. The purpose of the methodology description in this chapter was to construct a blueprint, which will direct the empirical part of the research to be conducted.

The researcher will make use of primary and secondary sources for this study. It was determined that the data collection will be through the use of questionnaires. The population, which will be researched will be the person responsible for making the bread buying decision in the household, and is restricted to the greater Gauteng area only. Various measurement scales will be applied in the questionnaire to collect the data. Both open and closed questions will be used in the questionnaire in an attempt to extract value from the information received from the respondents.

- The study will make use of descriptive statistics and frequency distributions. Frequency distributions will, therefore, be the main technique used to analyse the data collected. A frequency distribution will be obtained for each variable in the data. This analysis will produce a table of frequency counts, percentages, and cumulative percentages for all the values associated with that variable. The mean, mode, and median of a frequency distribution will be the measures of central tendency. Spearman's correlation coefficient will be used in this study.

This Chapter concludes with a discussion on the validity and reliability of the results and aims is to create the correct context, in which the results will be reported and interpreted.

Chapter Four will examine Albany Bakeries which is the case study relevant to this study.

CHAPTER 4

ALBANY BAKERIES - GAUTENG

The research methodology discussed in Chapter Three will be used to research the implications of consumer behaviour between consumers and an icon bread manufacturing company, Albany Bakeries, which is part of the giant foods company Tiger Brands.

4.1 INTRODUCTION

Albany Bakeries is the trade name of the bakery division owned by Tiger Brands Limited. Tiger Brands Limited is a branded food and healthcare company that operates in South Africa and in emerging markets and provides investors with the opportunity to participate in a balanced spread of African and selected international operations. The Group's shares are listed on the JSE Securities Exchange South Africa. Tiger Brands is a company that is customer focused and one that embraces change, through constant market research, continuous product development and innovation, Tiger's well-known brands including Tastic rice, Koo, Sea Harvest and Superior bread, remain vibrant and relevant for today's increasingly discerning consumer. (Tiger Brands Annual Report 2004)

The group has 13 bakeries throughout the country, 4 in Gauteng, 1 in Mpumalanga, 2 in the Free State, 2 in Cape Town and 4 in Kwa-Zulu Natal. The 13 bakeries collectively sell an average of 8,000,000 loaves of bread a week. The bakeries, used for the purposes of this study in the Gauteng market include Germiston Bakery, Pretoria Bakery, Manna Bakery in Randburg and Randfontein Bakery on the West Rand. According to Willie Marais, the Albany Bakeries Manufacturing Executive, these bakeries dominate market leadership in their core markets while operating in an Industry that is highly competitive. The Gauteng bakeries categorises their competition into major plant bakery competition on the one side, and smaller independent bakeries on the other. Its

major competitors include Sasko – Olifantsfontein and Brits, Sunbake – Boerstra and Ramalope and Blue Ribbon – Pretoria West.

Independent competition comes in the form of smaller bakeries, such as Butterfields Bakeries and Associated Independent Bakeries (AIB). Smaller hot bread shops and in store bakeries are also included in this category.

Albany has grown from strength to strength over the recent past, and has shown an excellent result in the last financial year, which ended in September 2005. Albany Bakeries showed an impressive R125,5m profit before interest and tax, an improvement of R55,3m, compared to the previous year's result. In a highly competitive, dynamic and price sensitive industry, this is an impressive achievement.

Albany Bakeries operates like a 'family run' business and has continued the management style fostered by Kallie Paxton (Millbake MD) of adherence to basic values. According to him, although the company is more informal than others in the industry, emphasis is still placed on loyalty, dedication, hard work, involvement and commitment from all employees. The Tiger Brands mission statement " To be the world's most admired branded food and healthcare company in emerging markets" is used by Albany to instil the correct culture and values in its employees. (Tiger Brands Annual Report 2004)

Tiger's strategic priorities include amongst others:

- Profitable top line growth.
- Innovation in brand development, customer management and processes.
- Attract, retain and develop the best people.
- A winning culture based on a stimulating and results driven work environment.
- Implementation of best practices and benchmarking against world leaders.

In order to understand the complexities and the demands under which Albany Bakeries operate, it is important to back track into history and record some of the historical groundings of the Baking Industry.

4.2 BAKING IN SOUTH AFRICA

Due to the lack of historical information, it is not quite certain when baking actually began in South Africa, but it is known that one of the first tasks undertaken by Jan van Riebeeck was to plant wheat. (South African Chamber of Baking, 1995).

According to the South African Chamber of Baking "it was during Jan van Riebeeck's office that *Vry Burgers* (privileged citizens) applied to the Governor for permission to bake bread and sell it to the public. Permission was granted but a resolution was passed which forbade anyone else but *Vry Burgers* to bake bread and sell to the public. The maximum selling price for bread was one penny per pound". According to the South African Chamber of Baking, the baking industry in South Africa was relatively primitive to about 1879, and despite the fact that there were two commercial bakeries; bread was mostly baked at home. The discovery of diamonds in 1868 and gold on the Witwatersrand in 1886 gave rise to the development of large towns and urban complexes, which in turn gave rise to the development of further commercial bakeries.

The first commercial bakeries known to us were:

- Atwell Bakery in Cape Town, which was established in 1826.
- Baker's Ltd in Durban, which was established by Mr J Baumann in 1849.
- Boerstra Bakery in Pretoria established by Mr G Boerstra in 1887.
- Quinn's Bakery in Doornfontein, Johannesburg established by Mr Quinn in 1889.
- De Loors Bakery in Pretoria established by the De Loor family in 1892.

At this time, there was little or no control over the baking industry. There was a large measure of overtrading, accompanied by wasteful competition to increase turnover. Malpractice was rife and a complete disregard of the most elementary health regulations was the order of the day. All this gave rise to the uneconomic

employment of production facilities, wastage of capital investments, which eventually led to bankruptcy on a large scale.

The influx of immigrants between the 1900 and 1914 gave tremendous stimulus to the baking industry. It is also during this period that the milling industry began to acquire an interest in the baking industry in order to stabilise the market for milled products.

The position became so critical that the government was compelled to ask the Board of Trade and Industries to do an in-depth investigation into conditions in the baking industry. As a result of the recommendations of the Board, the baking industry was placed under government control in 1941.

4.3 THE BAKING INDUSTRY

Until February 1991 the bread baking industry, was regulated by the Wheat Board. Bread weights were controlled and licensed plant bakeries qualified for subsidies on the bread they baked. This practice obviously made it impossible for any small independent bread bakery to be competitive in the market place.

The basic aims of the system of control as introduced in 1941 where; firstly, to promote stability in the industry through a purposeful policy of rationalisation, and secondly, to keep the price of bread as low as possible, thus placing the staple foodstuff within reach of the lower income groups. In essence, therefore, control over the baking industry covered licensing, contents, quality and price.

Through its price control policy the Government forced the milling and baking industries as well as retailers, to accept fixed profit margins and to strive for maximum efficiency and control of production costs. Quality control was exercised by the Wheat Board, which regulated the minimum dry solids and fat contents of bread together with the classification of different types of bread.

These various control measures were withdrawn on the 28 February 1991. The Department of Health, however, continues to exercise control over the baking industry (through the Foodstuffs, Cosmetics and Disinfectants act) by specifying which ingredients may or may not be used in bread and confectionery.

Since 1st March 1991, the Director of Trade Metrology (SABS) exercises control over the mass of bread products. Regulations allow bakers to bake packaged bread in any multiple of 100g, with a minimum mass of 400g, provided the mass is clearly marked on the packaging.

The bread industry was subsidised by the government for decades in order to avoid high prices for basic foodstuffs. This later changed when the government eliminated the bread subsidy in 1991 in an effort to encourage competition. In the wake of the deregulation of the baking industry a whole new sphere of opportunities was created and smaller bakeries erupted all over. With the scrapping of subsidies, the retail price of bread increased and it was now possible for the small baker to realise better margins in order to maintain a profitable business. It was also since that time that in-store bakeries in the supermarkets chains became accepted practice.

4.4 THE COMPETITION AND MARKET ATTRACTIVENESS

According to Willie Marais, the Albany Bakeries Manufacturing Executive, the market in Gauteng is highly competitive. It consists of 4 Albany Bakeries and 11 opposition plant bakeries. There are also a large number of independent plant bakeries and in-store bakeries. Most of the opposition plant bakeries in Gauteng are well equipped to supply consumers with a consistent high quality product. Major opposition bakeries like Sasko Brits, Sasko Olifantsfontein and Sunbake Boerstra have already installed condition-cooling units (bread coolers) that improve product quality.

An examination of the South African Chamber of Baking Statistics reveals that Albany is currently eroding away opposition market share and establishing itself as a market leader in terms of quality and price realisation.

According to the South African Chamber of Baking Statistics, Albany Bakeries share of the market is estimated about 42%. The company's positioning in terms of reliability of service and quality of products should be its strength in the future. The emphasis that the company places on customer care, coupled with the most comprehensive distribution network in Gauteng, ensures that the focus remains on meeting customer needs.

Intense competition, shifting customer loyalties, aggressive marketing and the presence of global players are some of the salient features that typify this Industry. Opposition companies are busy realigning their activities towards meeting specific customer needs, radically changing business models and exploring new ways of collaboration between buyers and sellers to maximize market dominance.

Since deregulation of the baking industry in 1991, an increasing number of small bakeries have opened their doors to business. This includes everyone from people who run small bakeries in suburban homes to those who sell bread in spaza shops in townships and informal settlements.

These days' South African businesses find themselves having to pay even more attention than they did in the past to their competitive strategies, due to the entry or re-entry of foreign companies into the local market, bringing with them world marketing standards and increasing the choice available to the South African consumer. Other factors include a heightened sense of consumerism among South African consumers.

According to Lucas et al., (1980:82) "Consumerism in the Republic of South Africa originated in the thirties with the establishment of the Housewives League.

This movement was put on a firm foundation with the establishment of the South African Co-ordinating Consumer Council. With the establishment of this Council the South African consumer for the first time had an overarching body to further his interests. Although this Council is financed by the government, it functions objectively and is not associated with any pressure groups". Another factor is the combined forces of globalisation and information technology, (represented by, for example, the internet and e-commerce) which serves to override geographical boundaries and expose consumers to literally a "world" of choices.

4.5 ENVIRONMENTAL ANALYSIS

The ultimate aim of most manufacturing companies is to establish and sustain market leadership. In the South African baking industry, this is especially difficult because of the extremely competitive, price-sensitive and dynamic nature of the industry. Albany Bakeries regularly carries out objective and rigorous appraisals of its external environment facing the business and determines its relative position within this external environment so as to ensure the establishment of meaningful corporate goals and objectives, and to identify key influences. Albany does not view these reviews of the competitive environment as a one-off analysis because the business environment is by no means static. The Group understands that business opportunities and threats can change both rapidly and sometimes very suddenly, and these changes may require equally dramatic alterations to the competitive strategies being implemented. From a strategic viewpoint, understanding of the environment in which Albany Bakeries operate, is an essential element of the development of corporate strategy and strong marketing initiatives. Lynch (2000:100) prescribes the following steps in appraising the external environment.

4.5.1 THE MACRO ENVIRONMENTAL FACTORS

In their attempt to formulate a strategy for success, in-keeping with the bakery's need to maintain and grow its market share in the Gauteng market, careful consideration to both the external and internal market environments is necessary. Organisations, like Albany Bakeries need to adapt to environmental changes to remain competitive. It is a crucial step in their planning process, to look outside the organisation at the environment that affects it, as many outside forces have a major effect on the internal operations of the business. The environment is also scanned to identify opportunities and threats.

It is abundantly clear that there are no simple rules governing an analysis of an organisation. Each analysis needs to be guided by what is relevant for that particular organisation. For the purposes of this evaluation, it is useful to begin the process with a checklist, often called a PEST analysis – of the: Political / Legal, Economic, Socio-cultural/demographic and Technology aspects of the environment.

Lynch, (2000:110), reminds us that although the PEST analysis relies on past events and experience, the analysis can be used as a forecast of the future. According to him the “past is history, and corporate strategy is concerned with future action, but the best evidence about the future may derive from what happened in the past.”

4.5.2 THE POLITICAL / LEGAL MARKET ENVIRONMENT

The impact of HIV/Aids in the macro environment is both dynamic and complex due to its rising prevalence rate and the complexities to contain it. The impact of this factor to Albany Bakeries and to the entire Baking industry is both frightening and costly in terms of the slow eradication of highly trained staff, affected by HIV/AIDS in the organisation. Highly trained staff away from work for long periods of time affects the production lines at all plants. Tiger Brands has introduced a

wellness management programme, which is available to all employees. Staff members are encouraged to determine their HIV status, and thereafter have the opportunity to confidentially register with an external service provider. The benefits provided by the service provider include individual counseling, regular monitoring and access to immune boosting supplements. The objective of this programme is to extend the “workspan” as well as the “lifespan” of the employee, thus being of mutual benefit to the individual’s family as well as to the company. (Tiger Brands Annual Report 2004:57)

4.5.3 THE ECONOMIC ENVIRONMENT

Amongst the most important factors to be considered in the economic market environment is the consumer’s income and spending patterns. According to the South African Communist Party website, with the rise in unemployment in South Africa, coupled with the rise in food prices, fewer South Africans are in a position to spend lavishly on food. The rising fuel prices have forced many consumers to adjust their spending habits and spend money carefully. Although bread is considered a staple food, weekly trends in volumes suggest that spending behaviour on this commodity is often highest during paydays. (South African Chamber of Baking Statistics).

4.5.4 THE SOCIO-CULTURAL / DEMOGRAPHIC ENVIRONMENT

While social stratification does not explain all consumption behaviour, it is certainly relevant in respect of bread purchases. Social changes, such as attitudes, values and lifestyles is perhaps the most difficult external variable for marketing managers to forecast, influence or integrate into marketing plans. According to Lamb et al., (2005:44), today’s customers are demanding, inquisitive and discriminating. They are no longer willing to tolerate inferior goods and insist on high quality products, while at the same time are concerned about the nutritional and health value of their purchases.

4.5.5 THE TECHNOLOGICAL ENVIRONMENT

Most technological events that affect an industry originate outside it. Technological changes lead not only to new products but also to technological processes that are designed to meet customer needs. Albany acknowledges that the environment provides opportunities to those organisations in a position to capitalise on them and could pose a significant threat to others. Technological advances in the direction of new product development have assisted Albany Bakeries to maintain and grow its market share.

4.6 INDUSTRY LIFE CYCLE

The well known strategic writer, Professor Michael Porter, as cited by Lynch, (2000:112), has described the industry life cycle as the “grandfather of concepts for predicting industry evolution.” Porter’s basic hypothesis is that an industry or a market segment with an industry goes through four basic phases of development. These phases can be loosely described as the introduction, growth, maturity and decline phases.

While the concept of the industry life cycle has both supporters and critics, Smallwood and Baker, as cited by Lynch, (2000:116), have defended its usefulness, while Dhalla and Yuspeh have led criticism, some of which certainly have some degree of validity. These included the difficulty to determine the duration of some life cycles and to identify the precise stage an industry has reached. Another criticism was that some industries miss stages or cannot be clearly identified in their stages, particularly as a result of technological change.

While there may be some difficulties with the industry life cycle approach, especially as it is difficult to determine the duration of some life cycles and to identify the precise stage that a certain industry has reached, Albany Bakeries may be considered to be in the mature stages of the industry life cycle from a plant and machinery point of view, but in the growth stages in terms of product

technology. The recent product innovation of the Albany Superior loaf, and the launch of the Albany BOB (Best of Both) loaf which is a white bread, but has the nutritional value of brown bread, justifies this argument.

4.7 KEY SUCCESS FACTORS IN THE BAKING INDUSTRY

The key factors for success for any organisation within the Baking Industry is the resources, skills and attributes of the organisation that is essential to deliver success in the market place. Before any long-term strategy is considered, Albany considers aspects internal to the organisation such as physical and human resources. The objective of internal analysis is to develop strategic responses either exploiting strengths or correcting and compensating for weaknesses. Strengths and weaknesses of the organisation are assessed against the opportunities and threats that prevail within the organisation. Albany Bakeries, like most other companies in the Industry, needs sustainable competitive advantages to exploit opportunities.

Albany Bakeries Strengths and Opportunities include:

- A committed support from the Tiger Brands research & development infrastructure.
- Product cost structure constantly maintained to deliver maximum profitability.
- Adequate manufacturing capacity in Gauteng to satisfy the local market.
- Reliable supply of raw materials.
- A positive workforce attitude, good company morals, and high employee productivity levels.
- Group is financially sound.
- Strong culture of the organisation to take care of its core assets, namely its people.
- Loyalty of certain customers.
- Growing customer and market share.

- A vibrant marketing infrastructure with extensive marketing experience and expertise.
- The organisation has an excellent reputation.
- Albany's products are regarded as top quality.

Weaknesses and treats include:

- The constant treat of heightened worker demands.
- The franchisee agreements currently in place. An average of 25% of bread sold by Albany Bakeries is delivered to by "external hawkers" who have the potential to move to another supplier with this business.
- Low market growth.
- Poor Information technology.
- New market entrants.
- Increased pressure from customers and suppliers.

For an analysis of the external market environment, using Michael Porter's five forces model. Porter's model highlights five forces that impact upon the dynamics of competition and that together determine the attractiveness and long-term profitability of the baking industry (or market or segment). These competitive forces are in turn influenced by various macro forces.

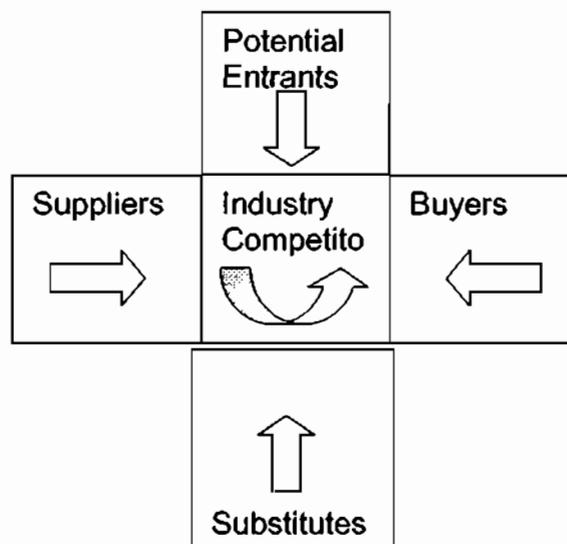


Fig 4.7 Porters Five Forces Model Determining Market Attractiveness

Source: M. Porter (1985) "Competitive Advantage. Creating and sustaining superior performance" p.5

4.7.1 THE THREAT OF NEW ENTRANTS

This aspect deals with how easy or how difficult it is for new firms to enter the industry. Naturally the easier it is to enter an industry, the greater the threat of new entrants and thus increased competition, for the firms already in the industry. Barriers to entry form a "buffer" that extends some measure of protection to existing firms. In the baking industry these include, the large capital outlays required, high levels of expertise and sophisticated technology required. In an effort to improve flour sales, opposition flourmills have reverted to "funding" smaller bakeries in areas where they have little or no bread market share.

4.7.2 THE AVAILABILITY OF SUBSTITUTES

The degree to which substitutes for Albany Bakeries offerings are available, or could become available, is the second of the five forces that impact upon competition and that influence industry attractiveness. The seasonal arrival of corn normally negatively influences bread sales. The trend of increasing demand for maize meal from the consumers in the lower LSMs impacts on bread sales.

4.7.3 THE BARGAINING POWER OF BUYERS

This force deals with the extent to which buyers bargaining power can affect firms' profitability. With increased competition and the rise of consumerism, even ordinary consumers have increased bargaining power. People nowadays are more aware of their consumer rights and are more active and forceful in demanding better quality, prices, service and features – all of which impacts on profitability. The demand by all the major chain stores for continuous price

promotions and national incentive rebates is an example of the chain store dominance over manufacturers. In general, bakeries are forced to comply in fear of being de-listed from these stores.

4.7.4 THE BARGAINING POWER OF SUPPLIERS

According to Silbiger (1993:319), the strength of suppliers is related to how dependant firms are on their suppliers. If there are few or no alternative sources of supply, then suppliers have greater power. Albany Bakeries recognises that its suppliers contribute to its position of market leader and motivates and maintains good relationships with their suppliers.

Most of the players in the South African Baking Industry however depend on flour mills for their flour. The millers are therefore in an advantageous position and can dictate flour prices at very short notice. All flour used by Albany is milled by Tiger Milling (a Tiger Company). This in turn puts all Albany Bakeries in an advantageous position in terms of a constant reliable supplier.

4.7.5 THE RIVALRY BETWEEN FIRMS ALREADY IN THE INDUSTRY

The ultimate aim of all players in the Baking Industry is to establish and sustain market leadership. In the South African Baking Industry, this is especially difficult because of the extremely competitive, price-sensitive and dynamic nature of the industry. Competition is fierce with all players competing for a share of the bread market, and each has its own mix of products in different price ranges. The regionality of market share in the bread category reflects the diversity of the South African consumer culture. What appeals strongly in one corner of South Africa does not necessarily appeal in another.

4.8 ALBANY BAKERIES - STRATEGIC PRIORITIES

As Tiger Brands is a diversified organisation, it has many business units that require specific business and marketing strategies. Albany Bakeries can be considered as a strategic business unit of the Group as it is a product and market based division that operates as a profit centre independently of other business in Tiger Brands and which has a separate marketing plan and list of objectives. The strategic intent of the business is to deliver superior financial returns by providing a compelling consumer proposition through innovation and satisfying the market with high quality products delivered timeously. Albany Bakeries current strategic priorities include the following:

4.8.1 DIFFERENTIATION

In order to arrest declining volumes and profitability of the plant bakery industry Albany Bakeries researched developments in the baking industry worldwide. This research resulted in the testing of a differentiated loaf and successful production of the Albany Superior loaf. While the consumers over the years adapted to the "sandwich loaf", Albany Bakeries boldly introduced a new concept in bread by altering the shape of the loaf and improved its lasting freshness ability to levels, which could not be emulated by the opposition. (Personal communication with W Marais, Manufacturing Executive, Albany Bakeries on 12 March 2006).

Albany Bakeries drive for product innovation has now become a cultural norm in the business. Following the success with the Albany Superior loaf, the business recently launched the BOB (Best of Both) white loaf, which offers the nutritional value of brown bread. (Personal communication with W Marais, Manufacturing Executive, Albany Bakeries on 12 March 2006).

4.8.2 COST LEADERSHIP

According to W Marais, the Manufacturing Executive of Albany Bakeries, (personal communication on the 12th March 2006), Albany Bakeries aims to produce its products at a lower cost than that of its competitors, as a source of competitive advantage. According to him, Albany, like other manufacturers, recognised that high volume production runs would reduce unit costs and give the bakery a competitive advantage from its economies of scale. By reducing the cost of production, the bakery can either increase its profitability or keep the increased profits to invest in research and new product development. Low cost producers can also choose to use their profits to advertise and market their products more vigorously.

4.8.3 QUALITY

“Quality is fundamental to Albany Bakeries – pure and simple. It is one of the pillars on which the business is built. Real quality isn’t simply following guidelines or complying with legislation at Albany - It’s about a sense of pride. Everybody working at Albany is therefore totally committed not only to producing the best quality product on a consistent basis, but also to seek out ways of actually improving what they do over time – for the benefit of their customers and consumers. They are passionate about what they do.” (Personal communication with W Marais, Manufacturing Executive, Albany Bakeries on 12 March 2006).

4.8.4 CONTINUOUS IMPROVEMENT

According to the Tiger Brands Annual Report 2004, continuous improvement is focused on improving business performance while generating savings in order to fund further growth initiatives. All employees pursue ways of improving productivity in every facet of the business. The business practice followed is that of the “virtuous circle”, whereby savings and efficiencies are identified and implemented. The aim of these efforts is that 70% of the savings generated is

reinvested into growing the top line through initiatives such as marketing and research and development, with the remaining 30% dropping through to the bottom line and enhancing profitability.

4.8.5 DEVELOPING HUMAN CAPITAL

The Tiger Brands Annual Report 2004 states that the organisational effectiveness function is underpinned by the desire to “attract, retain and develop” high potential individuals. This portfolio is responsible for the recruitment, development and administration of all employees. A further commitment to the business strategy of “Attract and Retain” is the establishment of the Graduate Development Programme, which aims to place candidates in clearly determined learning paths within the organisation. The Tiger Manufacturing Academy (TMA) remains the centrepiece of the bakeries technical skills development strategy and offers competency based manufacturing programmes that provide development opportunities from shop floor to management level.

4.9 ORGANISATIONAL STRUCTURE AT ALBANY BAKERIES

With the necessity for task specialisation, according to O van der Merwe, the Bakeries Human Resource Executive, Albany Bakeries has adopted a functional structure to suit its specific needs. In this functional structure tasks are organised according to different functional areas such as manufacturing, sales and marketing, distribution, human resources and finance. This functional structure typically consists of a Managing Director supported by a limited number of functional executives. The main advantage of this structure is that it promotes specialisation and develops functional expertise. One of the disadvantages of this structure is that the rivalry and power-play between the different functional areas could cause the organisation to place priority on a specific functional area instead of focusing on the organisation’s operations as a whole.

4.10 THE EVOLUTION OF MARKETING THINKING AT ALBANY

In the early 1970s, Albany had followed the same pattern as many other baking marketers. This pattern was that of pushing out as many products to the marketplace as was possible and only when the market was flooded did the company start lowering production. The resulting up-down pattern of sales and profits reflected the sales-oriented thinking by management, who concentrated on incentive schemes to get stores to take more bread. This type of thinking emerges especially when times get tough in the baking industry, with special discounting and incentives being examples of the schemes devised to draw sales. (Personal communication with O Moore, Albany Bakeries Sales Executive on 12 March 2006).

According to O Moore, the Albany Bakeries Sales Executive, the company was sales-driven, with extensive use of short-term incentive programmes aimed at motivating the retailers. Fortunately, Albany Bakeries recognised that this was short-term thinking, resulting in lower profit for both manufacturer and retailer. Albany had also been following a cost price strategy, and it later shifted to a pricing structure that was based on extracting a premium price for its products. Albany's pricing itself, differentiates its product from the oppositions. (O Moore, Albany Bakeries Sales Executive)

4.11 CONSUMER ANALYSIS

According to Perreault and McCarthy, (2005:150), It is not possible to anticipate and react to consumers' needs and desires without a complete understanding of consumer behaviour. Discovering consumer needs is a complex process and is generally accomplished by consumer research. Anticipating evolving consumer needs on the other hand requires understanding the consumer, which in turn requires understanding the behavioral principles that guide consumption behaviour.

“Albany Bakeries marketing plans begin with a look at the all-important consumer, and his or her needs. People do not have the same needs or desires. The objective of consumer analysis is to identify segments or groups within a population with similar needs so that marketing efforts can be directly targeted at them.” (O Moore, Albany Bakeries Sales Executive)

Albany Bakeries primary target market is all purchasers of bread and covers all LSM groups. The business concentrates on the buying habits of people who make the buying decision, such as housewives and parents. The marketing challenge for the Group is to develop a brand positioning that is motivating and relevant for the consumer making up the target market. (O Moore, Albany Bakeries Sales Executive).

According to O Moore, Albany Bakeries Sales Executive, knowledge of existing and potential markets, business trends, competitors, and the effectiveness of marketing programmes are critical to the success of any marketing effort. In this light, Albany Bakeries focuses on the concept of “market intelligence” in an effort to meet and exceed customer expectations. Marketing Intelligence was originally used to describe a more wide-ranging information gathering function than formal market research and is now commonly referred to as scanning and analysing. This intelligence comes in the form of information from drivers, suppliers,

customers, opposition market tactics, word of mouth and from the Albany sales force.

4.12 SUMMARY

This chapter introduces Albany Bakeries as a bread manufacturer and mentions that the company forms the baking division of the giant foods group Tiger Brands. After providing some historical background to bread making in South Africa, the chapter discusses the role played by Government through the Wheat Board in regulating the bread industry up to 1991.

This chapter looks at the challenges facing industry players, especially Albany Bakeries, following de-regulation of the bread industry in 1991. After an analysis of the competition and a discussion on market attractiveness, an environmental analysis is conducted in an attempt to formulate a business strategy for success. The chapter discusses the key success factors in the industry and mentions the sources of the group's competitive advantages by using Porter's model of Competitive Advantage.

Albany Bakeries current strategy of differentiation, cost leadership and quality is discussed, together with the other strategic considerations, such as continuous improvement and the development of human capital. The chapter concludes with a discussion on the organisational structure of the bakeries and the evolution of marketing thing of the group. (Tiger Brands Annual Report 2004).

Chapter Five will provide the results of the fieldwork carried out.

CHAPTER 5

RESEARCH RESULTS AND INTERPRETATION

5.1 INTRODUCTION

Chapter three entertained a detailed discussion on the research methodology which will be used in the empirical part of this study. The results which were obtained from the distributed questionnaires will be presented and interpreted in this chapter.

The results of the questionnaire will be presented and interpreted on a question - by - question basis. Some of the results will be presented in table format and accompanied by graphs to highlight the main findings. The discussion of each question will include descriptive analysis of frequencies. Statistical techniques, which were identified in Chapter three, will also be used, where applicable. The purpose of the discussion will be to draw inferences from the data, which was obtained from the questionnaires.

The discussion on the presentation and the interpretation of the results will be concluded with a summary of the major findings. The response rate will first be calculated to determine the number of respondents, who participated in this study and whose data can be analysed.

5.2 RESPONSE RATE

Of the 300 questionnaires distributed, 260 were returned of which 12 were partially completed. A description of the response rate is depicted in Table 5.2.

The total number of questionnaires circulated	300
Number of questionnaires returned	260
Number of questionnaires not returned	40
Number of questionnaires returned fully completed	248
Number of questionnaires partially completed	12

Table 5.2 The Respondents Response Rate

A lack of motivation may have been the reason why the some questionnaires were not returned. This fact should be taken into consideration in further studies and an incentive should in future be provided to motivate the respondent to complete and return the questionnaire. Twelve of the respondents may have experienced “research fatigue” and have returned their questionnaires uncompleted. Another possible explanation for this non completion could be the lack of interest on the part of the respondents.

A discussion of the results of the questionnaire on a question-by-question basis will therefore be entertained next.

5.3 QUESTIONNAIRE RESULTS ON A QUESTION BY QUESTION BASIS

The researcher will report the results of the questionnaire by using tables, which will depict the frequency of distribution for each variable of interest. Absolute (simple counts) and relative (percentage) terms were used to display the regular occurrence of the values encountered in the sample. All 248 respondents did not answer every question as was requested of them. The results on some of the questions, will therefore be displayed, based on the number of responses received, and will be accordingly interpreted. The report of the results on a question-by-question basis will begin with Section A, which was designed to gain the demographic information from the respondents.

5.3.1 SECTION A

Questions one to six were included to obtain the general background information of the respondents with regards to their demographic profiles.

a) Question 1

Please indicate your gender.

Table 5.1 The Respondents gender

The Respondents Gender	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Male	74	30	74	30
Female	174	70	248	100

The purpose of question one was only to count the number of respondents, whose questionnaires were completed and thus qualified to be used.

b) Question 2

How old are you? Please tick one of the following age groups that you belong to

Table 5.2. The Respondent's age

The Respondent's Age	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Less than 22	27	11	27	11
23 to 30	52	21	79	32
31 to 40	85	35	164	67
41 to 50	65	26	229	93
51 to 60	13	5	242	98
61 or more	6	2	248	100

The majority of the respondents that completed the questionnaire were in the 31 to 40 age group. This information is not sufficient to make any further relevant interpretations.

c) Question 3

Please tick one of the following choices to indicate your marital status.

Table 5.3 The Respondent's marital status

Marital Status	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Single	76	30	76	30
Married	123	50	199	80
Divorced	31	13	230	93
Widowed	7	3	237	96
Living together	11	4	248	100

248 respondents answered this question. Table 5.3 illustrates that 30% of the respondents were single, 50% were married, 13% were divorced, 3% were widowed and 4% were living together at the time of the survey. This information is not sufficient to make any further relevant interpretations.

d) Question 4

Please indicate your race group.

Table 5.4 The Respondents race group

Race Group	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Asian	28	11	28	11
Black	94	38	122	49
Coloured	26	11	148	60
White	99	40	247	100

247 respondents answered this question. Table 5.4 illustrates that 11% of the respondents who answered the questionnaires were Asian, 38% were Black, 11% were Coloured, and 40% were White.

e) Question 5

Please indicate the number of adults and children in your household?

Table 5.5. The number of people in the respondents household

	Number in Household
Adults	521
Children	423
Total	944

246 respondents answered this question. This sample indicates that the average number of adults in the respondent's household is 2,11, while the average of the number of children is 1,72.

f) Question 6

What is the monthly disposable income in your household?

Table 5.6. The respondents' disposable income

Income	Frequency	Percentage	Cumulative frequency	Cumulative percentage
R20,001 and above	89	37	89	37
R10,001 to R20,000	63	26	152	63
R5,001 to R10,000	43	18	195	81
Less than R5,000	48	19	243	100

The results of the sample illustrates that 18% have a monthly income ranging from R5,001 to R10,000; 26% have a monthly income from R10,001 to R20,000; 37% have a monthly income of more than R20,001 per month, while 19% have a

monthly income of less than R5,000 per month. The distribution of income level among the sample may not be representative of the distribution of income level of the Gauteng bread consumer population. This information does however provide a “best guess” for bread consumers within the monthly income ranging from R5001 to more than R20001, who may represent a major part of the Albany target market.

MF1) The main finding derived from Table 5.6 is that Albany bread is purchased by consumers across all LSM’s

5.3.2 Section B

Questions seven to twenty four attempts to broaden the researcher’s understanding in respect of the consumer’s perception of product choice and preferences, together with the consumer’s perception in respect of price, outlets and satisfaction

a) Question 7

Who makes the bread buying decisions in your family?

Table 5.7 The person responsible for the bread purchase decision

Bread Buying Decisions	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Mom	167	69	167	69
Dad	35	14	202	83
Children	14	6	216	89
Grandparents	4	2	220	91
Maid	21	9	241	100

241 respondents answered this question. This question was intended to ascertain the person in the household who was responsible for making the bread buying decisions. Table 5.7 illustrates that mothers, who represent 69% of those that responded, make this decision.

MF2) The main finding derived from Table 5.7 is that mothers tend to drive brand selection and make the bread buying decisions in the family.

b) Question 8

What type of bread is normally your first choice?

Table 5.8 The respondents' first choice of bread

First Choice of Bread	Frequency	Percentage	Cumulative frequency	Cumulative percentage
White bread	138	56	138	56
Brown & w/w	101	41	239	97
Slim slice	5	2	244	99
Value added	4	1	248	100

Table 5.8 provides the insight that, of the 248 respondents that answered this question, 56% preferred white bread, 41% preferred brown and wholewheat bread, 2% preferred slim slice bread while 1% preferred the value added range of breads.

MF3) The main finding as illustrated in Table 5.8 indicates that the majority of respondents (56%) preferred white bread as their first choice of bread.

c) Question 9

What brand of bread do you buy?

Table 5.9 The Respondents choice of bread

Brands	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Albany	151	64	151	64
Blue Ribbon	29	12	180	76
Sasko	25	11	205	87
In store	23	9	228	96
Other	9	4	237	100

Of the 237 respondents who answered this question, 64% preferred Albany, 12% preferred Blue Ribbon bread, 11% preferred Sasko bread, 9% preferred in –store bread while the remaining 4% indicated a preference for other breads.

MF4) The main finding, derived from Table 5.9, is that the majority (64%) of the respondents preferred Albany bread

d) Question 10

Please indicate the frequency of your bread purchases

Table 5.10 The respondents' frequency of bread purchases

Purchase Frequency	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Daily	170	69	170	69
Every second day	42	17	212	86
Once a week	25	10	237	96
Only on weekends	10	4	247	100

247 respondents answered this question. Table 5.10 illustrates that 69% of the respondents buy bread daily, 17% buy bread every second day, 10% buy bread once a week, while 4% buy bread only on weekends.

MF5) The main finding derived from Table 5.10 is that the majority of respondents purchase bread daily.

e) Question 11

Do you freeze bread?

Table 5.11 The number of respondents who freeze bread

	Do you freeze bread?
Yes	85
No	163

Table 5.11 provides the insight that 34% of the 248 respondents that answered this question, freeze bread. The purpose of this question was to probe the respondents to obtain information relating to alternatives used by the respondents to circumvent daily purchases. While freezing bread is a common occurrence, the effects of freezing bread on the quality and shelf life are unknown and remain untested.

MF6) The main finding, derived from table 5.11, is that the majority of respondents who answered this question (66%) do not freeze bread.

f) Question 12

Bread is mostly consumed in your family during?

Table 5.12 The Respondents bread consumption habits

Bread consumption habits	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Breakfast	113	45	113	45
Lunch time	46	19	159	64
Supper time	46	19	205	83
Every meal occasion	43	17	248	100

It can be observed from Table 5.12 that, of the 248 respondents that answered question twelve, 45% of the respondents consumed bread for breakfast, 19% consumed bread for lunch, 19% consumed bread at supper time while 17% of the respondents consumed bread at every meal occasion. From the response it can be inferred that bread is used as convenient and versatile filler, which is an essential and irreplaceable staple in the majority of households, which is especially important in households with children.

MF7) The main finding derived from Table 5.12 is that bread is a convenient and versatile filler used during all meal occasions.

g) Question 13

If you buy Albany bread, how would you rate the Albany loaf in terms of the following criteria? If Albany is not your brand, please ignore this question. All ratings are out of 10 with 10 out of 10 implying total satisfaction and 1 out of 10 implying least satisfaction.

Respondents were asked to indicate their satisfaction of the product attributes when they bought an Albany loaf. (Ten indicated total satisfaction and one indicated least satisfaction). The results are indicated in Table 5.13

Table 5.13 The respondents rating of Albany bread

Attributes	Mean	Standard Deviation	Median	Frequency
Quality	9.33	0.09	10.00	168
Price	8.23	0.13	8.00	168
Availability	9.16	0.10	10.00	168
Freshness	9.40	0.09	10.00	168
Taste	9.46	0.09	10.00	168

It can be viewed from Table 5.13 that 168 respondents answered this question. Two main findings about the mean can be made, namely that

MF8) The main finding derived from Table 5.13 is that the respondents regarded the Albany loaf's taste as the most important product attribute, with the highest mean value of 9.46 while price was the least consideration to most of the respondents, with the lowest mean value of 8.23.

One main finding regarding the standard deviation can be derived from Table 5.13, namely that:

MF9) The price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.13. The quality, freshness and taste attributes had the lowest standard deviation of 0.09, indicating that the responses to this attributes were the most heterogeneous.

Spearman's coefficient correlation was also calculated with the responses from Question 13. To explain the various correlations, which exist between the attributes, an indication of Spearman's correlations with regard to each possible combination will be given in Table 5.13A. Each of the attributes will first be numbered, to assist in explaining the illustration, which will be given in Table 5.13A.

Attribute 1: Quality

Attribute 2: Price

Attribute 3: Availability

Attribute 4: Freshness

Attribute 5: Taste

Table 5.13A Spearman's correlation coefficient with regard to attributes

	Attribute 1	Attribute 2	Attribute 3	Attribute 4	Attribute 5
Attribute 1	1.00	0.52	0.49	0.61	0.64
Attribute 2	0.52	1.00	0.55	0.44	0.39
Attribute 3	0.49	0.55	1.00	0.52	0.30
Attribute 4	0.61	0.44	0.52	1.00	0.61
Attribute 5	0.64	0.39	0.30	0.61	1.00

The following insights can be derived from Table 5.13A:

- Attribute one has the highest correlation with attributes 4 (0.61), which means that when quality is important to the respondent, freshness is also important.
- Attribute two has the highest correlation with attributes 3 (0.55), which means that when price is important to the respondent, availability is also important.
- Attribute three has the highest correlation with attribute 2 (0.55), which means that when availability is important to the respondent, price is also important.
- Attribute four has the highest correlation with attributes 1 and 5 (0.61), which means that when freshness is important to the respondent, quality and taste is also important.
- Attribute five has the highest correlation with attribute 1 (0.64), which means that when taste is important to the respondent, quality is also important.

MF10) The main finding derived from Table 5.13A, is that freshness and taste has become the category passport factor in respect of bread purchases.

h) Question 14

If you buy Sasko or Blue Ribbon bread, how would you rate the Sasko or Blue Ribbon loaves in terms of the following criteria? If Sasko or Blue Ribbon is not your brand, please ignore this question. All ratings are out of 10 with 10 out of 10 implying total satisfaction and 1 out of 10 implying least satisfaction

Respondents were also asked to indicate their satisfaction of the product attributes when they bought a Sasko or a Blue Ribbon loaf. (Ten indicated total satisfaction and one indicated least satisfaction). The results are indicated in Table 5.14.

Table 5.14 The respondents rating of Sasko bread

Attributes	Mean	Standard Deviation	Median	Frequency
Quality	8.64	0.25	10.00	47
Price	7.81	0.30	8.00	47
Availability	8.23	0.26	8.00	47
Freshness	8.39	0.29	9.00	47
Taste	8.51	0.29	9.00	47

It can be viewed from Table 5.14 that 47 respondents answered this question. One main finding about the mean can be made, namely that

MF11) The main finding derived from Table 5.14, is that the respondents regarded the Sasko loaf's taste as the most important product attribute, with the highest mean value of 8.51, and price was the least consideration to most of the respondents, with the lowest mean value of 7.81

One main finding regarding the standard deviation can be derived from Table 5.14, namely that:

MF12) The main finding derived from Table 5.14 is that the price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.30. The quality attribute had the lowest standard deviation of 0.25, indicating that the responses to this attribute were the most heterogeneous.

Spearman's coefficient correlation was also calculated with the responses from Question 14. To explain the various correlations, which exist between the attributes, an indication of Spearman's correlations with regard to each possible combination will be given in Table 5.14A. Each of the attributes will first be numbered, to assist in explaining the illustration, which will be given in Table 5.14A.

Attribute 1: Quality

Attribute 2: Price

Attribute 3: Availability

Attribute 4: Freshness

Attribute 5: Taste

Table 5.14A Spearman's correlation coefficient with regard to attributes

	Attribute 1	Attribute 2	Attribute 3	Attribute 4	Attribute 5
Attribute 1	1.00	0.76	0.47	0.67	0.61
Attribute 2	0.76	1.00	0.49	0.39	0.36
Attribute 3	0.47	0.49	1.00	0.58	0.50
Attribute 4	0.67	0.39	0.58	1.00	0.86
Attribute 5	0.61	0.36	0.50	0.86	1.00

The following insights can be derived from Table 5.14A:

- Attribute one has the highest correlation with attribute 2 (0.76), which means that when quality is important to the respondent, price is also important.
- Attribute two has the highest correlation with attribute 1 (0.76), which means that when price is important to the respondent, quality is also important.
- Attribute three has the highest correlation with attribute 4 (0.58), which means that when availability is important to the respondent, freshness is also important.
- Attribute four has the highest correlation with attribute 5 (0.86), which means that when freshness is important to the respondent, taste is also important.
- Attribute five has the highest correlation with attribute 4 (0.86), which means that when taste is important to the respondent, freshness is also important.

MF13) Another finding derived from Table 5.14 is that quality was the important attribute as seen by the respondents when making a Sasko bread purchase.

Table 5.14 B The respondents rating of Blue Ribbon bread

Attributes	Mean	Standard Deviation	Median	Frequency
Quality	9.20	0.21	10.00	44
Price	8.00	0.32	8.00	44
Availability	8.34	0.30	9.00	44
Freshness	8.66	0.30	10.00	44
Taste	8.59	0.39	10.00	44

It can be viewed from Table 5.14B that 44 respondents answered this question. One main finding about the mean can be made, namely that

MF14) The respondents regarded the Blue Ribbon loaf's quality as the most important product attribute, with the highest mean value of 9.20 and price was the least consideration to most of the respondents, with the lowest mean value of 8.00.

One main finding regarding the standard deviation can be derived from Table 5.14B, namely that:

MF15) The price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.32. The quality attribute had the lowest standard deviation of 0.21, indicating that the responses to this attribute were the most heterogeneous.

Spearman's coefficient correlation was also calculated with the responses from Question 14. To explain the various correlations, which exist between the attributes, an indication of Spearman's correlations with regard to each possible combination will be given in Table 5.14C. Each of the attributes will first be numbered, to assist in explaining the illustration, which will be given in Table 5.14C.

Attribute 1: Quality

Attribute 2: Price

Attribute 3: Availability

Attribute 4: Freshness

Attribute 5: Taste

Table 5.14C Spearman's correlation coefficient with regard to attributes

	Attribute 1	Attribute 2	Attribute 3	Attribute 4	Attribute 5
Attribute 1	1.00	0.27	0.23	0.58	0.51
Attribute 2	0.27	1.00	0.09	0.28	0.12
Attribute 3	0.23	0.09	1.00	0.64	0.61
Attribute 4	0.58	0.28	0.64	1.00	0.91
Attribute 5	0.51	0.12	0.61	0.91	1.00

The following insights can be derived from Table 5.14C:

- Attribute one has the highest correlation with attribute 4 (0.58), which means that when quality is important to the respondent, freshness is also important.
- Attribute two has the highest correlation with attribute 4 (0.28), which means that when price is important to the respondent, freshness is also important.
- Attribute three has the highest correlation with attribute 4 (0.64), which means that when availability is important to the respondent, freshness is also important.
- Attribute four has the highest correlation with attribute 5 (0.91), which means that when freshness is important to the respondent, taste is also important.

- Attribute five has the highest correlation with attribute 4 (0.91), which means that when taste is important to the respondent, freshness is also important.

MF16) The main finding is that quality was the important attribute as seen by the respondents when making a Blue Ribbon bread purchase.

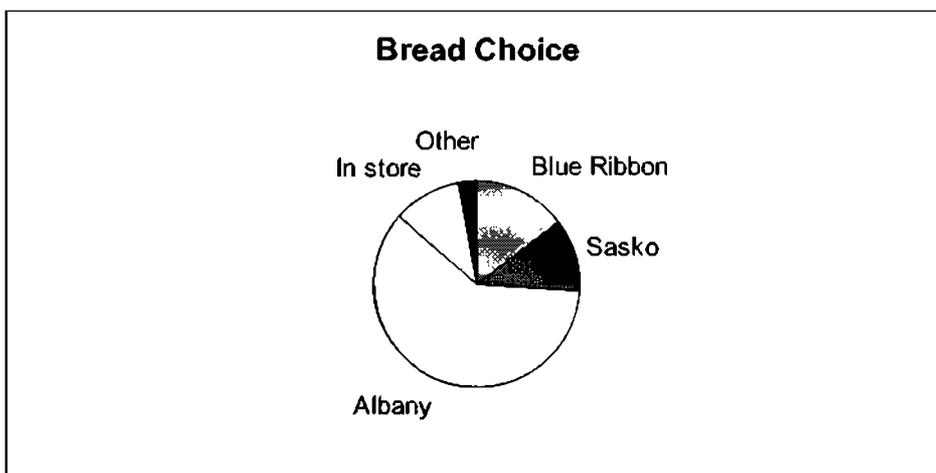
i) Question 15

Which brand would you consider to be your first, second, or third, choice? Please rank your choice by writing a number from (1 to 3) in the bracket located at the end of each item respectively. The number “1” referring to your first choice, the number “2” refers to the second choice, and so on, the number “3” referring to the last choice.

Table 5.15 The respondents first, second and third choice of bread in percentages

Percentage	Blue Ribbon	Sasko	Albany	In Store	Other
1st Choice	15	11	60	10	3
2nd Choice	31	30	22	12	5
3rd Choice	34	37	10	14	4
Did not rate	20	22	8	64	88
Total %	100	100	100	100	100

Table 5.15 provides the insight that, of the 222 respondents that answered this question, Albany bread is the respondent's first choice with Blue Ribbon and Sasko bread making up the second and third choices respectively. This statistic is best viewed graphically by means of a pie chart as discussed in Chapter four.



MF17) The main finding as illustrated in Table 5.15 indicates that Albany bread is the overwhelming favourite in the Gauteng bread market and is the bread of first choice.

j) Question 16

Where do you normally buy your bread from?

Table 5.16 The respondents' choice of outlets used for bread purchases

Choice of Outlets used	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Supermarket	154	64	154	64
Forecourt	7	3	161	67
Shop or Café	53	22	214	89
Spaza shop	28	11	242	100

Table 5.16 illustrates that 64% of the respondents make their bread purchases from supermarkets, 3% use the forecourts, 22% from shops or cafes and 11% from spaza shops. The results indicate that the general shopping in respect of bread purchases is done at supermarkets (64%) across all demographics.

MF18) The main finding, derived from Table 5.16 suggests that the majority (64%) of bread purchases in the Gauteng bread market is made at supermarkets.

k) Question 17

At what time of the day do you normally buy your bread?

Table 5.17 The respondents' bread purchase time

Bread purchase Time	Frequency	Percentage	Cumulative frequency	Cumulative percentage
6am to 10am	87	36	87	36
10am to 12am	19	8	106	44
12am to 2pm	16	7	122	51
2pm to 4pm	35	14	157	65
After 4pm	85	35	242	100

Table 5.17 illustrates that the majority of bread purchases is made between 6 am and 10am.

MF19) The main finding, derived from Table 5.17 is that the majority of respondents who answered this question make their bread purchases either early in the morning or late in the afternoon.

I) Question 18

If you were to have a bad experience with a loaf that you purchased, would you

Table 5.18 The Respondents bread purchase experience

Bread purchase Time	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Complain but continue buying the brand	118	48	118	48
Complain and stop buying the brand	83	34	201	82
Don't complain and continue buying the brand	13	5	214	87
Don't complain but stop buying the brand	32	13	246	100

Table 5.18 provides the insight that in the event of a bad experience with a bread purchase, 48% of the respondents will complain but will continue buying the brand, 34% will complain but stop buying the brand, 5% of respondents do not complain and continue buying the bread while 13% of respondents do not complain but stop buying the brand.

It must be recorded that a large percentage of brand switching (47%) could arise if consumers are dissatisfied. This is largely the result of increasing parity between products, the large number of brands of the same product, and greater access to supermarkets and, hence, brand choice.

MF20) The main finding, derived from Table 5.18 is that the 53% of the respondents will either complain or not, but will remain brand loyal.

m) Question 19

What did you find most appealing about Albany bread?

Question nineteen was an open ended question, with the purpose of determining the stand out product attribute of the Albany product. The responses were coded and all the similar responses were grouped together.

Table 5.19 What Respondents find most appealing about Albany bread

Bread purchase Time	Frequency	Percent age	Cumulative frequency	Cumulative percentage
Freshness	89	49	89	49
Taste	57	31	146	80
Thick Slices	20	11	166	91
Quality	17	9	183	100

Although 151 respondents stated their preference for Albany bread (results from question nine), 183 respondents answered this question. Table 5.19 provides the insight that 49% of respondents viewed product freshness as the most appealing, 31% viewed taste, 20% found the thicker Albany slices more appealing while 17% of the respondents found quality as most appealing factor.

MF21) The main finding, derived from Table 5.19 is that freshness and taste is seen as the differentiating factor in the Gauteng bread market.

o) Question 20

What would you recommend for improving the Albany Product?

Question twenty was an open ended question, with the purpose of determining the respondent's recommendations for improving the Albany product. The responses were coded and all the similar responses were grouped together.

Table 5.20 The Respondents recommendations

Bread purchase Time	Frequ ency	Percent age	Cumulative frequency	Cumulative percentage
Increase the size of the loaf	25	46	25	46
Reduce the price	8	15	33	61
Introduce a gluten free bread	7	12	40	73
Improve delivery	5	9	45	82
Increase the shelf life	3	6	48	88
Advertise more	3	6	51	94
Attractive Packaging	3	6	54	100

54 respondents answered this question. 46% of the respondents recommended that Albany increase the size of the loaf, 15% suggested a price reduction, 12% recommended the introduction of a gluten free bread, 5% suggested an improvement in delivery, 3% recommended that the product's shelf life be increased, 3% suggested that Albany Bakeries advertise more, while 3% suggested the use of a more attractive packaging.

Of the 151 respondents who stated their preference for Albany bread (question nine), only 54 respondents volunteered a recommendation for improvement. While one view holds that, "respondent fatigue" may be a possible reason for the lack of recommendations, another view is that a low recommendation rate could infer that the Albany consumer is very satisfied with the product as it is.

p) Question 21

Do you prefer an in-store or a branded product?

Table 5.21 The Respondents preference of in-store or branded products.

	Prefer branded or in-store product
In-store	66
Branded	178

244 respondents answered this question. The majority of respondents (73%) stated their preference for a branded product.

MF22) The main finding derived from table 5.21 is that bread consumers show a tendency towards branded products.

p) Question 22

Does your outlet stock all brands of bread?

Table 5.22 The Respondents view of stock at outlets

	Does your outlet stock all brands of bread
Yes	203
No	9
Sometimes	31

243 respondents answered this question. Table 5.22 provides the insight that 84% of the respondents find their outlets stocking all brands of bread, while 4% of the respondents suggest that not all brands were available at their outlets. A further 13% of the respondents find that all brands are sometimes stocked.

MF23) The main finding derived from table 5.22 is that bread consumers have a variety of brand choices available.

q) Question 23

Assuming that you check the sell by date. How many days of shelf life are you comfortable with from date of purchase?

Table 5.23. The Respondents view on shelf life

Number of days of shelf life required	Frequency	Percentage	Cumulative frequency	Cumulative percentage
2 Days	88	36	88	36
3 Days	55	22	143	58
4 Days	103	42	246	100

246 respondents answered this question. Table 5.23 provides the insight that 36% of the respondents require a 2 day product shelf life, 22% require a 3 day product shelf life and the remaining 42% require a 4 day product shelf life.

While 69% of the 247 respondents purchase bread daily (results from question ten), the researcher deduces that bread is generally purchased and consumed daily. The respondents' requirement for a 4 day shelf life indicates a "feel safe" attitude in terms of product spoilage.

MF24) The main finding derived from table 5.23 is that product shelf life is a bread purchase driver.

r) Question 24

Do you seek reassurance from endorsements like the heart foundation before you buy your brand of bread?

Table 5.24. The Respondents view on endorsements

Reassurance from endorsements	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Yes	79	32	79	32
No	69	28	148	60
Sometimes	99	40	247	100

Table 5.24 provides the insight that 32% of the 247 respondents that answered this question, sought reassurance from health endorsements, 28% did not, while 40% sometimes did. The purpose of this question was to probe the respondents to obtain information relating to degree of health awareness and its significance to the consumer.

MF25) The main finding derived from table 5.24 is that there is a significant level of health awareness amongst bread consumers.

5.3.3 Section C

Questions twenty five to thirty two attempts to broaden the researcher's understanding in respect of the factors that influence the consumer's bread buying decision. The questions in this section of the questionnaire also attempted to determine the effect of other influences on the respondent's decision making process. The last three questions attempt to ascertain the respondent's satisfaction with the Albany product and to ascertain the respondent's perception of product innovation.

a) Question 25

What influences your bread buying decision? Please rank your choice by writing a number from (1 to 5) in the bracket located at the end of each item respectively. The number "1" referring to your first choice, the number "2" refers to the second choice, and so on, the number "5" referring to the last choice.

Respondents were asked to indicate the major influences on their bread buying decisions. (One indicated the most influence and five indicated the least influence). The results are indicated in Table 5.25

Table 5.25 The influence on the respondents' bread buying decision.

Attributes	Mean	Standard Deviation	Median	Frequency
Taste	1.92	0.07	2.00	211
Habit	4.33	0.07	5.00	211
Health	2.99	0.09	3.00	211
Freshness	2.15	0.07	2.00	211
Price	3.61	0.07	4.00	211

It can be viewed from Table 5.25 that 211 respondents answered this question. Two main findings about the mean can be made, namely that

MF26) The respondents indicated that taste was the most important influence on their buying decision, with the lowest mean value of 1.92, and habit had the least important influence on their buying decision, with the highest mean value of 4.33.

Spearman's coefficient correlation was also calculated with the responses from Question 25. To explain the various correlations, which exist between the attributes, an indication of Spearman's correlations with regard to each possible combination will be given in Table 5.25A. Each of the bread buying influences will first be numbered, to assist in explaining the illustration, which will be given in Table 5.25A

Attribute 1: Taste

Attribute 2: Habit

Attribute 3: Health

Attribute 4: Freshness for longer

Attribute 5: Price

Table 5.25A Spearman's correlation coefficient with regard to buying influences

	Attribute 1	Attribute 2	Attribute 3	Attribute 4	Attribute 5
Attribute 1	1.00	-0.22	-0.43	-0.30	0.08
Attribute 2	-0.22	1.00	-0.13	-0.32	-0.29
Attribute 3	-0.43	-0.13	1.00	-0.16	-0.51
Attribute 4	-0.30	-0.32	-0.16	1.00	-0.19
Attribute 5	0.08	-0.29	-0.51	-0.19	1.00

The following insights can be derived from Table 5.25A:

- Attribute one has the highest correlation with attribute 5 (0.08), which means that when taste is important to the respondent, price is also important.

- Attribute one has a negative correlation with attributes 2, 3 and 4, which indicates that when taste is important to the respondent, habit, health and freshness will not be important.
- Attribute two has no positive correlation with any of the other attributes but has a negative correlation with attributes 1, 3, 4 and 5, which means that when health is important to the respondent, taste, habit, freshness and price are not important.
- Attribute three, similarly has no positive correlation with any of the other attributes but has a negative correlation with attributes 1, 2, 4 and 5, which means that when habit is important to the respondent, taste, health, freshness and price are not important.
- Attribute four has no positive correlation with any of the other attributes but has a negative correlation with attributes 1, 2, 3 and 5, which means that when freshness is important to the respondent, taste, habit, health and price are not important.
- Attribute five has a positive correlation with attribute 1 but has a negative correlation with attributes 2, 3 and 4, which means that when price is important to the respondent, habit, health and freshness are not important.

MF27) The main finding is that the attributes of taste and freshness, and not price, are the main influencers of the bread decision making process.

b) Question 26

Where would you say, is the purchase decision to buy your particular brand of bread made?

Table 5.26. The place where the respondents purchase decision is made

	Where is the purchase decision made?
At home	129
In the store	116
Total	245

Of the 245 respondents who answered this question, 129 of respondents had made a conscious decision to purchase before nearing the outlet. The results of question 26 provide the insight that 53% of respondents have a specific brand in mind before they visited their outlet.

MF28) The main finding is therefore, that the decision on brand is not dependent on the outlet where the bread is bought.

c) Question 27

Which bread television advertisement can you spontaneously recall?

Table 5.27. The Respondents view on television advertisement recall

Brands	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Blue Ribbon	28	11	28	11
Sasko	56	23	84	34
Albany	77	31	161	65
None	87	35	248	100

The purpose of this question was to probe the respondents to obtain information relating to degree of television advertisement recall and to ascertain their

perceptions of television advertisements in respect of Blue Ribbon, Sasko and Albany Bakeries.

Table 5.27 provides the insight that of the 248 respondents that answered this question. 11% remembered a Blue Ribbon television advertisement, 23% recalled a Sasko bread advertisement, 31% recalled an Albany bread television advertisement while the majority (35%) could not recall any bread television advertisement.

A possible interpretation may be that the three major players mentioned, (Blue Ribbon, Sasko and Albany Bakeries), do not use television as an extensive medium for advertising or that insufficient ‘reach’ is obtained due to flight times.

MF29) The main finding is that television as a medium for creating brand awareness was under utilised.

d) Question 28

Was a bread merchandiser in a store able to influence your bread buying decision in terms of brand choice?

Table 5.28. The bread merchandiser influence

	Bread merchandiser's influence
Yes	42
No	203
Total	245

Table 5.28 provides the insight that 203 representing 83% of the 245 respondents that have answered this question, that a bread merchandiser was unable to influence his / her buying decisions.

MF30) The main finding is that the role of a merchandiser is probably seen as a “shelf packer” and does not have any influence on the bread buying decisions of a majority of respondents.

e) Question 29

In the event that your second or third choice of bread is on a price promotion, how would you react?

Table 5.29 The Respondents reaction to a price promotion

Price promotion	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Buy it	88	36	88	36
Stick to your favourite brand	159	64	247	100

247 respondents answered this question. Table 5.29 indicates that the majority of respondents (64%) would not opt for another brand but will rather stick to their favourite brand.

MF31) The main finding is that price promotions may be ineffective if the brand is strong in the minds of the consumer.

f) Question 30

Overall, how satisfied are you with Albany bread?

Table 5.30. The Respondent view of Albany in terms of satisfaction

Brands	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Very satisfied	144	80	144	80
Somewhat satisfied	33	18	177	18
Somewhat dissatisfied	3	2	180	2
Very dissatisfied	0	0	180	100

Of the 244 respondents who answered this question, 64 respondents did not buy Albany bread and were not able to rate Albany Bakeries in terms of satisfaction. 80% of the 180 respondents, as indicated in Table 5.30 indicated that they were overall very satisfied with Albany Bakeries

MF32) The main finding is that Albany Bakeries generates a high level of consumer satisfaction in the market place.

g) Question 31

Was any feedback to Albany, either positive or negative, handled expeditiously?

Table 5.31. The Respondents feedback to Albany

Feedback handling	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Yes	39	81	39	81
No	9	19	48	100

Of the 240 respondents who answered this question, 192 respondents found this question irrelevant. Table 5.31 indicates that the majority (81%) of the respondents found that Albany Bakeries handled their feedback expeditiously.

MF33) The main finding is that Albany Bakeries is consumer centric.

g) Question 32

Who in your opinion are bread innovators in terms of new product development?

Table 5.32 The Respondents view on bread innovators

Bread Innovators	Frequency	Percentage	Cumulative frequency	Cumulative percentage
Albany	134	64	134	64
Blue Ribbon	29	14	163	78
Sasko	47	22	210	100

Of the 210 respondents that answered this question, the majority (64%) of them view Albany Bakeries as the innovators of bread.

MF34) The main finding is that Albany Bakeries is seen to be the leaders in bread innovation in the Gauteng bread market.

5.4 Main Findings

A number of main findings can be derived from the research and were highlighted throughout this chapter. The purpose of Section 5.5 is to consolidate these main findings, and to form the main findings of this study. The findings will be used to address the primary and secondary objectives, formulated in Chapter One. The main findings from Chapter Five will now be listed below.

MF1) The main finding derived from Table 5.6 is that Albany bread is purchased by consumers across all LSM's

MF2) The main finding derived from Table 5.7 is that mothers tend to drive brand selection and make the bread buying decisions in the family.

MF3) The main finding as illustrated in Table 5.8 indicates that the majority of respondents (56%) preferred white bread as their first choice of bread.

MF4) The main finding, derived from Table 5.9, is that the majority (64%) of the respondents preferred Albany bread

MF5) The main finding derived from Table 5.10 is that the respondents purchase bread daily.

MF6) The main finding, derived from table 5.11, is that the majority of respondents who answered this question (66%) do not freeze bread.

MF7) The main finding derived from Table 5.12 is that bread is a convenient and versatile filler used during all meal occasions.

MF8) The main finding derived from Table 5.13 is that the respondents regarded the Albany loaf's taste as the most important product attribute, with the highest

mean value of 9.46 while price was the least consideration to most of the respondents, with the lowest mean value of 8.23.

MF9) The price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.13. The quality, freshness and taste attributes had the lowest standard deviation of 0.09, indicating that the responses to these attributes were the most heterogeneous.

MF10) The main finding derived from Table 5.13A, is that freshness and taste has become the category passport factor in respect of bread purchases.

MF11) The main finding derived from Table 5.14, is that the respondents regarded the Sasko loaf's taste as the most important product attribute, with the highest mean value of 8.51, and price was the least consideration to most of the respondents, with the lowest mean value of 7.81.

MF12) The main finding derived from Table 5.14 is that the price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.30. The quality attribute had the lowest standard deviation of 0.25, indicating that the responses to this attribute were the most heterogeneous.

MF13) Another finding derived from Table 5.14 is that quality was the important attribute as seen by the respondents when making a Sasko bread purchase.

MF14) The respondents regarded the Blue Ribbon loaf's quality as the most important product attribute, with the highest mean value of 9.20 and price was the least consideration to most of the respondents, with the lowest mean value of 8.00.

MF15) The price attribute was the attribute, about which the respondents were most homogeneous, as indicated by the highest standard deviation of 0.32. The quality attribute had the lowest standard deviation of 0.21, indicating that the responses to this attribute were the most heterogeneous.

MF16) The main finding is that quality was the important attribute as seen by the respondents when making a Blue Ribbon bread purchase.

MF17) The main finding as illustrated in Table 5.15 indicates that Albany bread is the overwhelming favourite in the Gauteng bread market and is the bread of first choice.

MF18) The main finding, derived from Table 5.16 suggests that the majority (64%) of bread purchases in the Gauteng bread market is made at supermarkets.

MF19) The main finding, derived from Table 5.17 is that the majority of respondents who answered this question make their bread purchases either early in the morning or late in the afternoon.

MF20) The main finding, derived from Table 5.18 is that the 53% of the respondents will either complain or not, but will remain brand loyal.

MF21) The main finding, derived from Table 5.19 is that freshness and taste is seen as the differentiating factor in the Gauteng bread market.

MF22) The main finding derived from table 5.21 is that bread consumers show a tendency towards branded products.

MF23) The main finding derived from table 5.22 is that bread consumers have a variety of brand choices available.

MF24) The main finding derived from table 5.23 is that product shelf life is a bread purchase driver.

MF25) The main finding derived from table 5.24 is that there is a significant level of health awareness amongst bread consumers.

MF26) The respondents indicated that taste was the most important influence on their buying decision, with the lowest mean value of 1.92, and habit had the least important influence on their buying decision, with the highest mean value of 4.33.

MF27) The main finding is that the attributes of taste and freshness, and not price, are the main influencers of the bread decision making process.

MF28) The main finding is therefore, that the decision on brand is not dependent on the outlet where the bread is bought.

MF29) The main finding is television as a medium for creating brand awareness was under utilised.

MF30) The main finding is that the role of a merchandiser is probably seen as a "shelf packer" and does not have any influence on the bread buying decisions of a majority of respondents.

MF31) The main finding is that price promotions may be ineffective if the brand is strong in the minds of the consumer.

MF32) The main finding is that Albany Bakeries generates a high level of consumer satisfaction in the market place.

MF33) The main finding is that Albany Bakeries is consumer centric.

MF34) The main finding is that Albany Bakeries is seen to be the leaders in bread innovation in the Gauteng bread market.

5.5 Summary

Chapter Five discussed the research results. Findings were recorded throughout the discussion, which at the end formed the main findings of the empirical research phase of the study.

The final chapter, Chapter Six, will conclude the research study by providing conclusions and interpretations of the findings, as well as recommendations. The recommendations will include suggestions for future research and will be based on the literature review and the main findings recorded from the empirical research-phase of the study. In additions to providing the recommendations, the limitations of this study will also be given, to conclude the final research report.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In Chapter Five the research results were presented and the main findings reported. This Chapter will conclude this research study by providing the conclusions and recommendations of the findings.

The primary objective of this study as mentioned in Chapter One was to determine the factors influencing consumer behaviour in respect of bread purchases at Albany Bakeries. Secondary objectives were also established in Chapter One, to assist in achieving the primary objectives of this study. The four secondary objectives will again be presented in Section 6.2 and will be addressed by the relevant main findings from the literature review and from the empirical part of the study. The discussion on each secondary objective will be discussed and the recommendations will be made. The purpose of these discussions and recommendations will be, as mentioned in Chapter One, to broaden understanding of consumer behaviour and to provide Albany Bakeries with meaningful insights in this regard. It is intended that the knowledge gained from this research will help Albany Bakeries make more informed decisions and to support key marketing decisions, going forward.

6.2 MAIN FINDINGS AND RECOMMENDATIONS

In this study four secondary objectives were investigated that could possibly determine the factors influencing consumer behaviour in respect of bread purchases. In this section, the literature relevant to each secondary objective will be briefly summarised, after which the main findings from the literature review will be drawn. These findings will assist in addressing the secondary objectives of this study.

In addition to the main findings from the literature review, the main findings from the empirical study will also be incorporated, to address the secondary objectives.

6.2.1 Secondary Objective 1

To determine the Strategic Priorities in relation to keeping consumers satisfied.

The literature review in Chapter Two revealed that competitive and marketing strategies were the specifics of management's game plan for competing successfully in the marketplace. The suggested first step in delivering value to customers is to have a closer look at their needs. While the literature review argues the consumer driven concept of attracting and retaining customers as critical to enhancing company profitability and is therefore a vital component of strategy, the literature review offers the following main strategic directions in this regard.

- Product innovation, amongst others, is one of the main drivers of change. (Section 2.2.4 Page 13).
- Successful differentiation strategies result in consumer loyalty and customer retention. (Section 2.3.2 Page 15).
- While there are many possible ways of satisfying the needs of customers, strategically it is useful to reduce the decision variables in the marketing mix to four basic ones, namely, Product, Place, Promotion and Price. (Section 2.6 Page 17).
- Marketing strategies start with the product which is at the heart of the marketing mix. (Section 2.6.1 Page 18).
- If the product is unique and in demand, then the manufacturer has the power to outline the terms of the relationship. If not, the channels intermediaries will be able to dictate the terms and take as much margin as possible. (Section 2.6.2 Page 20).

- If the price charged for an item is commensurate with the benefits provided, then it will be considered a good value in the mind of the buyer. (Section 2.6.4 Page 21).

In addition to the main findings from the literature review, several main findings could also be derived from the empirical research phase.

While the respondents have a variety of choices of branded products (MF22), Albany is seen as an innovator in the bread market (MF34), with an admirable high level of consumer satisfaction (MF32). The business has, compared to its major opposition an added advantage in terms of brand awareness as measured by the respondents' advertisement recall capabilities (MF29). While the bread market demands freshness and taste (MF10), Albany Bakeries satisfies this demand by adequately providing a product of superior quality (MF8) which has become, according to the respondents, the bread of choice (MF4).

Based on the integration of the main findings of the literature review and of the empirical research phase, the following main conclusions and recommendations can be derived:

The **main conclusion** is that Albany Bakeries seems to dominate the Gauteng bread market in terms of its competitive and marketing strategies, as measured by the results of the research carried out. The results of the empirical research-phase confirm that the Albany loaf is a winner. Albany's profitable strategy is based on product differentiation. Albany Bakeries existing strategy in terms of its dedication and focus on product differentiation is its strength and its major source of competitive advantage and is indeed the cornerstone of its positioning strategy.

The results of the empirical study indicate that Albany is maintaining its goal of maximising customer value by anticipating and satisfying customer needs.

Recommendation:

It is recommended that Albany Bakeries continue with its strategic priorities and direction towards new product development and product innovation. In the cut throat Bread Industry, this strategy has proved successful and will continue to do so.

It is however recommended that Albany Bakeries implement a programme to measure customer satisfaction, on an ongoing basis and to have available a mechanism to translate what customers want into information that can be usable for managerial decision making purposes. It is further suggested that such a programme be implemented across the business so as to highlight any geographical tendencies shown from the evolving consumers.

6.2.2 Secondary Objective 2

To determine the drivers of consumer behaviour in respect of bread purchases.

While there was very little literature on consumer behaviour in respect of bread purchases, the literature review in Chapter Two revealed that consumers react differently with regard to feelings and emotions although they may be exposed to the same stimulus. It was revealed that consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. This includes what they buy , why they buy it, when they buy it, where they buy it, and how often they buy or use it, This behaviour also focuses on the consumer's post purchase evaluations and the impact such evaluations have on future purchases. The literature review however forwards the suggestions that:

- Product differentiation according to Mullins (Section 2.6.1 Page 18) is a major driver.
- The channel of distribution - getting the right product to the target market is also viewed as an important factor which would influence consumer decisions and is a driver of consumer behaviour. (Section 2.6.2 Page 19).
- Creating awareness and interest in the product is a driver that influences consumer behaviour. (Section 2.6.3 Page 20).
- Price is a driver of consumer behaviour – plain and simple. (Section 2.6.4 Page 21).
- Brand switching of low involvement purchases occurs for the sake of variety rather than because of dissatisfaction. (Section 2.12 Page 36).
- Consumers often perceive price as an indicator of quality. (Section 2.6.4 Page 21).

In addition to the main findings from the literature review, several main findings could also be derived from the empirical research phase.

- Mothers tend to drive brand selection (MF2).
- Taste is the most important influence on the buying decision (MF26).
- Freshness and taste has become the category passport factor in respect of bread purchases (MF10).
- A longer product shelf life is a purchase driver (MF24).
- Supermarkets are the most common outlets for bread purchases (MF18).
- The majority of the respondents prefer white bread (MF3).
- Bread is purchased daily (MF5).
- Bread is usually purchased early in the morning or late in the afternoon (MF19).
- There is a significant health awareness amongst consumers of bread (MF25).
- Brand selection is not dependant on the outlet where the bread is purchased (MF28).

- Brands are at the core of choice (MF22).

Based on the integration of the main findings of the literature review and of the empirical research phase, the following main conclusions and recommendations can be derived:

The **main conclusion** is that an enormous amount of value is attached to a brand name. Even while the recollection of bread advertisements is quite low, it does not seem that any communication that is meant to functionally and emotionally differentiate the breads has filtered to the markets. The brand is at the core of choice and consumers tend to make an initial rational brand choice and stick to it. Consumers overwhelmingly support branded products.

An analysis of the results of the study indicates that bread freshness has become the category passport factor. Freshness and taste rank as the key influences in the bread buying decision making process. The bread price, which is also a driver, rarely features as a key influence on the buying decision. The research showed that price promotions did not result in brand switching. On the contrary, consumers clearly stated their intentions to stick to their brand. The assumption that brand choice stems from habit must be discarded as this purchase driver showed the least influence on the bread buying decision making process. Of important significance is the role played by mothers who according to the research, tend to drive brand selection.

Recommendation:

It is recommended that Albany Bakeries create more brand awareness in the market place. It is suggested that the promotional strategy be more aggressive, and the use of television and radio advertisements, billboards, store displays and on going promotional activities be used as tools to create additional brand awareness. Brand awareness is created by increasing the familiarity of the brand through repeated customer exposure. The more a consumer "experiences" the brand by seeing it, hearing it or thinking about it, the more likely it is that the brand will become strongly registered in memory. The overall promotional objectives going forward must be designed to drive store traffic, grow market share and build loyal relationships with customers.

It is also recommended that future television campaigns focus and appeal to the intellectual and emotional judgements of mothers, who tend to drive brand selection. While It may be argued that children influence most purchase decisions, mothers ultimately make the bread purchase decision.

The true measure of the strength of the Albany brand depends on how consumers think, feel and act with respect to the brand. The Albany product has become a strong brand and needs to be taken a step further where the customers become so attached and passionate about the brand, that they, in effect, become evangelists and attempt to share their beliefs and spread the word about the brand. This recommendation is made from the basic premise that the power of the brand and its ultimate value to the company resides with customers.

6.2.3 Secondary Objective 3

To determine whether Albany Bakeries is consumer centric.

The literature review in Chapter Two revealed that the key benefits of consumer satisfaction is the continued existence and growth of the business, particularly if the consumer is satisfied to the extent that he or she shares the positive experience with other consumers. The key findings from the literature review in respect of consumer satisfaction are:

- Customer satisfaction has a positive impact on customer loyalty and usage behaviour. Consumer loyalty will increase usage levels and secure future revenues. (Section 3.2 Page 37)
- Consumer dissatisfaction has far reaching implications. According to the cited research, negative experience with a product is generally communicated to an average of five other consumers. (Section 3.2 Page 37)
- The reason for dissatisfaction is often attributed to the product or the retailer rather than the incompetence of the consumer. (Section 3.2 Page 37)

In addition to the main findings from the literature review, several main findings could also be derived from the empirical research phase.

Albany Bakeries generates a high level of consumer satisfaction (MF32) and according to the respondents, reacts timeously in terms of customer feedback (MF33). The indication that 64% of the respondents of this research prefer Albany bread (MF4) and the fact that the results show that Albany bread is the bread of choice (MF17), justifies the assumption that Albany Bakeries is consumer focused.

Based on the integration of the main findings of the literature review and of the empirical research phase, the following main conclusions and recommendations can be derived:

The **main conclusion** is that Albany Bakeries is consumer centric.

Recommendation:

In the bread Industry consumer satisfaction is measured in market share. While all indications suggest that Albany Bakeries is consumer focused, it is recommended that they maintain and look at new ways of further improving on yesterday's performance. It is suggested that Albany Bakeries implements a system of regular formal customer feedbacks and not rely on customer complaints as a measure of consumer satisfaction. Such a system will benefit both parties.

6.2.4 Secondary Objective 4

To determine how Albany Bakeries compares to its opposition in respect of product attributes.

While the empirical study takes the format of a case study, no literature with regards to the opposition bakeries is available. The research phase of the study however highlights the following observations:

The **main conclusion** from the empirical study is that Albany Bakeries dominates the bread market in the Gauteng area. The quality product produced by Albany is an overwhelming favourite in the greater Gauteng bread market (MF17). The research results indicate that the Albany loaf is the preferred choice (MF17). While the bread market is deceptively complex with little room to manoeuvre especially when production and distribution costs escalate, Albany Bakeries have emerged as the leaders in product innovation as shown by the

research results (MF34). It can therefore be safely inferred that Albany is slowly emerging as the “leader of the pack” in the bread market in Gauteng.

Recommendation:

While it is often argued that appeal based on product innovation or improvements in quality is hard to maintain, Albany needs to focus and continue to adopt an insatiable desire to improve and distance themselves from the opposition. Albany has always prided itself on innovation and its ability to adapt to changing consumer needs and tastes and must continue to do so.

6.3 RECOMMENDATIONS FOR FUTURE RESEARCH

The recommendations for future research are as follows:

- a) A broadened study, for Albany Bakeries be conducted in all provinces and major cities, including Durban and Cape Town to determine the drivers of consumer behaviour in respect of bread purchases. The results of a study based on a geographical basis may distort consumer sentiments.
- b) Research could be done to gain insight into the marketing relationship strategies currently implemented by companies in the Baking Industry in South Africa. Comparisons could be made with bakeries overseas, followed by recommendations for improving South African companies.

6.4 LIMITATIONS

Specific limitations regarding the literature review and the empirical study should be noted.

6.4.1 Limitations based on the literature review.

Although abundant information can be found regarding business strategies and consumer behaviour, there is very little literature, which focuses on organisations in the Baking Industry in South Africa.

6.4.2 Limitations of the empirical phase of the study

A number of limitations should be highlighted, following the empirical phase of this study and the reporting of the results, namely:

- a) The final realised sample was small and interpretations and conclusions had to be made in this context. The results are, therefore, not representative of the total population.
- b) The feedback from the respondents was confidential. The respondents were not required to provide their names or the geographical area in which they reside. No control regarding the origin of the responses was, therefore possible. Thus, dominance by one region could, therefore be possible.
- c) The nature of the empirical research, which was conducted, did not allow for detailed analysis regarding the respondents researched.
- d) While the empirical study took the form of a case study, all information in respect of Albany Bakeries was only relevant to a specific time frame covered during the period of the research, namely November 2005 to May 2006.

6.5 CONCLUDING REMARKS

Based on the conclusions, implications and recommendations, it can be accepted that both the primary and secondary objectives, formulated in this study, were addressed.

It can, therefore, be concluded that the results of this study contribute to the body of knowledge on consumer behaviour, with specific emphasis on the factors relating to the drivers of consumer behaviour in respect of bread purchases in the Gauteng bread market.

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APPENDIX A

QUESTIONNAIRE

Dear Participant

Thank you for your participation and time. Answering the questionnaire will take approximately between 8 and 10 minutes.

The data obtained from this questionnaire will be used as part of a research project for the completion of an MBA at the University of Kwa-Zulu Natal.

Participation is voluntary and any information that is obtained during this study will be kept confidential to the full extent permitted by law. You may choose to terminate completion of the questionnaire at any time during the survey. Knowledge of your identity is not required. You will not be required to write your name or any identity information on the research materials. You will not be contacted for any sales solicitation as a result of your completing the survey. Materials will be held in a secure location and will be destroyed after the completion of the study. Only aggregate data will be presented. The return of this questionnaire constitutes consent to participate in this study. Should you have any concern regarding this research, please contact the project supervisor Dr A. Kader via e-mail @ OMBOverportBM@nedbank.co.za

If you would like to receive a copy of the results derived from this research project, please contact the researcher at:

Amod Moula

e-mail: amod.moula@tigerbrands.com

1290 Harriet Avenue

Germiston, 2008

Your time in filling out this questionnaire is highly appreciated. Thank you for your contribution.

Section A

1. Please indicate your gender.

- Male
- Female

2. How old are you? Please tick one of the following age groups that you belong to.

- Less than 22
- From 23 to 30
- From 31 to 40
- From 41 to 50
- From 51 to 60
- 61 or more

3. Please tick one of the following choices to indicate your marital status.

- Single
- Married
- Divorced
- Widowed
- Living together

4. Please indicate your race group.

- Asian
- Black
- Coloured
- White

5. Please indicate the number of adults and children in your household?

- Adults
- Children

6. What is the monthly disposable income in your household?

- More than R20,000
- Between R10,000 and R20,000
- Between R5,000 and R10,000
- Less than R5,000

Section B

7. Who makes the bread buying decisions in your family?

- Mom
- Dad
- Children
- Grandparents
- Maid

8. What type of bread is normally your first choice?

- White bread
- Brown bread or whole-wheat bread
- Slim Slice bread
- Other value added breads

9. What bread do you buy?

- Albany
- Blue Ribbon
- Sasko
- In store baked bread
- Other

10. Please indicate the frequency of your bread purchases.

- Daily
- Every second day
- Once a week
- Only on weekends

11. Do you freeze bread?

- Yes
- No

12. Bread is mostly consumed in your family during?

- Breakfast
- Lunch time
- Supper time

13. If you buy Albany bread, how would you rate the Albany loaf in terms of the following criteria? If Albany is not your brand, please ignore this question. All ratings are out of 10 with 10 out of 10 implying total satisfaction and 1 out of 10 implying least satisfaction.

Albany

Quality ----- out of 10
 Price ----- out of 10
 Availability ----- out of 10
 Freshness ----- out of 10
 Taste ----- out of 10

14. If you buy Sasko or Blue Ribbon bread, how would you rate the Sasko or Blue Ribbon loaves in terms of the following criteria? If Sasko or Blue Ribbon is not your brand, please ignore this question. All ratings are out of 10 with 10 out of 10 implying total satisfaction and 1 out of 10 implying least satisfaction

Sasko

Quality ----- out of 10
 Price ----- out of 10
 Availability ----- out of 10
 Freshness ----- out of 10
 Taste ----- out of 10

Blue Ribbon

Quality ----- out of 10
 Price ----- out of 10
 Availability ----- out of 10
 Freshness ----- out of 10
 Taste ----- out of 10

15. Which brand would you consider to be your first; second, or third, choice? Please rank your choice by writing a number from (1 to 3) in the bracket located at the end of each item respectively. The number "1" referring to your first choice, the number "2" refers to the second choice, and so on, the number "3" referring to the last choice.

- Blue Ribbon ()
- Sasko ()
- Albany ()
- In store baked bread ()
- Other ()

16. Where do you normally buy your bread from?

- Supermarket
- Forecourt:
- Shop or cafe
- Spaza shop

17. At what time of the day do you normally buy your bread?

- Early morning from 6am to 10am
- Mid morning from 10am to 12am:
- Midday from 12am to 2pm
- Mid afternoon from 2pm to 4 pm
- Evening – after 4pm

18. If you were to have a bad experience with a loaf that you purchased, would you:

- Complain but continue buying the brand
- Complain and stop buying the brand
- Don't complain and continue buying the brand
- Don't complain but stop buying the brand

19. What do you find most appealing about Albany bread?

20. What would you recommend for improving the Albany product?

21. Do you prefer an in-store loaf or a branded product?

- In store
- Branded product

22. Does your outlet stock all brands of bread?

- Yes
- No
- Sometimes

23. Assuming that you always check the sell by date. How many days of shelf life are you comfortable with from date of purchase?

- 2 days
- 3 days
- 4 days

24. Do you seek reassurance from endorsements like the heart foundation before you buy your brand of bread?

- Yes
- No
- Sometimes

Section C

25. What influences your bread buying decision? Please rank your choice by writing a number from (1 to 5) in the bracket located at the end of each item respectively. The number "1" referring to your first choice, the number "2" refers to the second choice, and so on, the number "5" referring to the last choice.

- Taste ()
- Habit: ()
- Health ()
- Freshness for longer ()
- Price ()

26. Where would you say, is the purchase decision to buy your particular brand of bread made?

- At home
- In the store

27. Which bread television advertisement can you spontaneously recall?

- Blue Ribbon
- Sasko
- Albany
- None

28. Was a bread merchandiser in a store able to influence your bread buying decision in terms of brand choice?

- Yes
- No

29. In the event that your second or third choice of bread is on a price promotion, how would you react?

- Buy it
- Stick to your favourite brand

30. Overall, how satisfied are you with Albany bread?

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't buy Albany bread.

31. Was any feedback to Albany, either positive or negative, handled expeditiously?

- Yes
- No
- Not relevant

32. Who in your opinion are bread innovators in terms of new product development?

- Albany
- Blue Ribbon
- Sasko

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Thank you once again for completing this questionnaire.