

University of Kwazulu-Natal

**Changes in consumer buying behaviour of clothing in different economic climates**

By

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of

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Faculty of Management Studies

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## DECLARATION

I, Frederik Johannes Rossouw declare that

- (i) The research reported in this dissertation, except where otherwise indicated, is my original work.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
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Signed:

## Acknowledgements

I wish to express my sincere appreciation and gratitude to the following individuals, without whose assistance, this study would not have been possible:

- Although not the most religious man, I am not eluded in assuming that any great achievement is not without Heavenly Fathers might to inspire one to be a better man, husband, father or friend. Greatness will only be achieved through his strength and will.
- To my wife, Mandi Rossouw who's faith in me has never wavered even when I have had doubts. It is your confidence in me that gives me the strength to achieve greatness. Your time spent proof reading is greatly appreciated. Thank you for pushing me to be more and for your love! Words of appreciation are written here but I hope my love for you is known in my special way.
- To my children, Daniel, Joshua, Savannah and Thomas. I hope that someday you will be proud of me and my achievements. I Love you all with all my heart and hope that I will be able to make up for the lack of time spent with you in the last three years. The importance of leading by example and having integrity is foremost the legacy I implore you take with the unconditional Love I have for each one of you. Love is more than a feeling, its sacrifice and being tough to allow lessons to be made.
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- To my belated parents, my greatest regret is that both of you are not here today to share this special achievement with me. I know that both of you are proud of me regardless. Your love and lessons have made me the man I am today and not a piece of paper. Until we meet again.....

- To my family, the Gardiners, Pretorius' and Niederbergers', thank you for including me into your family, your love and involvement in my life has provided such strength and love for me to be a better person and to strive for the best to make you all proud of me. You have shown me the importance and strength a family has and provides. Thank you.
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- To my respondents, thank you for giving up your valuable time.

## **Abstract**

This study investigated whether changes occurred in consumer buying behavior within the retail clothing industry during difficult economic climates. The significance of the study was to determine whether the lack of disposable income and increasing inflation swayed consumers to pursue value for money clothing opposed to international branded products. The important factor was to establish whether the consumers shift in purchasing would be temporal or permanent. This research involved various research tools and designs which assisted in finding a feasible conclusion. Quantitative research was used with structured questionnaires being given to consumers. These findings were annotated accordingly in tables and diagrams with publications and literature to reiterate the findings and in turn enable this study to conclude that consumers buying patterns of clothing does change during difficult economic climates. The research was conducted in Durban with a sample of 133 respondents.

Some salient findings emanating from this study included: consumer's perceptions had influenced their behaviour, and preference as opposed to logical choice and need. Focus was concentrated on one of the most acknowledged value retailers in South Africa, Mr Price clothing. Seventy three percent of the respondents said that Mr Price offered value for money, seventy-six percent stated that they offered quality products. A further ninety six percent felt that Mr Price clothing offered choice of style. These percentages are undisputedly indicative that Mr Price clothing has obtained the winning formula especially in times when minimal disposable income and a clamp on the ease of getting or increasing credit options are scarce. The findings indicated that Mr Price was indeed the retailer of choice, with a staggering eighty eight percent stating that they would continue to frequent Mr Price clothing even after their financial situation improved. Further testing also indicated that quality and price were the two crucial deciding factors that influenced consumers. This supports the fact that consumers are still looking for value for money. Perceptions and social status do influence the supply and demand theory when it involves clothing.

A recommendation for further study would involve using different demographic market segments based on income, gender and race amongst others. Internet influence in clothing purchases would also be an influencing factor going forward along with the effect of advertising.

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## APPENDIX 1

### UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS

Dear Respondent,

#### **MBA Research Project**

**Researcher:** Frederik J Rossouw (083 415 0336)

**Supervisor:** Professor Anesh Singh (031 260 7564)

**Research Office:** Ms P Ximba 031-2603587

I, Frederik J Rossouw an MBA student, at the Graduate School of Business, of the University of Kwazulu Natal would like to invite you to participate in a research project entitled: Changes in consumer buying behavior of clothing in different economic climates.

Through your participation I hope to determine whether consumers buying patterns change during changes in economic cycles. The results of the survey are intended to indicate what changes do take place and whether these changes in the consumers shopping pattern will be permanent or temporary.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business, University of KwaZulu Natal (Westville Campus)

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above. The survey should take you about 10 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator signature

Date



# APPENDIX 1

## Questionnaire for Masters Business Administration (MBA) research

*Please mark X where appropriate*

1

Gender	
Male	Female

2

Age				
21 - 30	31 - 40	41 - 50	51 - 60	60 +

3

Race				
White	Indian	Coloured	Black	Other

4

Employment Category				
Employee	Supervisor	Management	Senior Management	Other

5 How often do you purchase clothing?

Weekly	Monthly	Yearly	Other

6 I shop at Mr Price clothing stores.

Never	Rarely	Usually	Always

7 Does Mr Price clothing offer value for money?

Strongly Disagree	Disagree	Agree	Strongly Agree

8 Does Mr Price clothing sell quality items?

Never	Rarely	Usually	Always

9 Mr Price clothing offers a choice of style.

Strongly Disagree	Disagree	Agree	Strongly Agree

10 What type of clothing do you purchase the most, where **1** is Most Often and **5** is Least Often.

Ladieswear	
Menswear	
Kiddieswear	
Babywear	
Shoes	

11 How often do you purchase from the following clothing retailers where **1** is Most Often and **8** is Least Often.

Pep	
Acker mans	
Jet	
Hypermarket	
Edgars	
Truworths / Man	
Woolworths	
Queenspark	

12 What determines where you purchase clothing where **1** is Most Important and **7** is Least Important.

Mood Setting	
Friendly service	
Knowledgeable Service	
Price	
Quality	
Credit Facility	
Location	

13 How much do you spend on clothing in a month?

R1 - R500	R501 - R 1 000	R1 001 - R1 500	R1 501 - R2 000	R2 001 +

14 How many people are you buying for as per question 13?

1 Person	2 People	3 People	4 People	5 or More People

15 How much did you spend at Mr Price clothing last year?

R1 - R500	R501 - R 1 000	R1 001 - R1 500	R1 501 - R2 000	R2 001 +

16 Does advertising influence where you shop?

Never	Rarely	Usually	Always

17 Brands influence my purchase of clothing

Strongly Disagree	Disagree	Agree	Strongly Agree

18 As a result of the current difficult economic climate, I have changed from high priced clothing stores to lower priced clothing stores.

Strongly Disagree	Disagree	Agree	Strongly Agree

19 I have become more clothing price conscious now as opposed to a year ago.

Strongly Disagree	Disagree	Agree	Strongly Agree

20 I find that I save on one item to spend more on another.

Never	Rarely	Usually	Always

21 Is price more important than service?

Strongly Disagree	Disagree	Agree	Strongly Agree

22 I am very Brand loyal.

Strongly Disagree	Disagree	Agree	Strongly Agree

23 As a result of the economic crisis I buy less clothing than I normally would.

Strongly Disagree	Disagree	Agree	Strongly Agree

24 Which stores are you shopping at regularly, as opposed to before, where 1 is Most Often and 5 is Least Often?

Pep	
Ackermans	
Jet	
Mr Price	
Hyper market	

25 The current economic conditions have encouraged me to shop more often at Mr Price clothing stores than I did before.

Strongly Disagree	Disagree	Agree	Strongly Agree

26 Will you continue to frequent the Mr Price clothing stores even if the financial conditions improves?

Strongly Disagree	Disagree	Agree	Strongly Agree

## APPENDIX 2



RESEARCH OFFICE (GOVAN MBEKI CENTRE)  
WESTVILLE CAMPUS  
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EMAIL: ximbap@ukzn.ac.za

---

3 JULY 2009

MR. FJ ROSSOUW (207521415)  
GRADUATE SCHOOL OF BUSINESS

Dear Mr. Rossouw

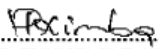
**ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0411/09M**

I wish to confirm that ethical clearance has been granted for the following project:

**“Changes In consumer buying behaviour of clothing in different economic climates”**

**PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years**

Yours faithfully

  
.....  
MS. PHUMELELE XIMBA  
ADMINISTRATOR  
HUMANITIES & SOCIAL SCIENCES ETHICS COMMITTEE

cc. Supervisor (Prof. AM Singh)  
cc. Mrs. C Haddon

# CHAPTER ONE

## Overview of the study

---

### 1.1 Introduction

A recession has a catalytic affect that ripples through everyone and everything resulting in all being affected in some way. The spoils of unemployment and minimal disposable income cast a depression of no hope and a loss for future prosperity. This lack of confidence affects the trends of consumer behaviour. Consumers either reduce purchases due to lack of finances or their spending is curbed by their lack of confidence in the economy. The uncertainty of when and how bad things will get and for how long, cautions everyone. The fact remains that most South Africans live above their means through credit facilities and the New Credit Act having placed a deterrent on over extending this option at the same time. Consumer behaviour has been explored in numerous writings and reviews. The concept of what triggers to rationalise within that a product is value for money and worth owning is constantly being studied. The marketing industry has done extensive research in order to captivate certain segments of the consumer market through advertising. Social acceptance and perceptions have influenced choice and shopping patterns. Is there an exception to this notion, something that alters decisions with minimal influence from others or marketing? Could a recession be that exception? When times are difficult and there is a shortage of liquid cash and affordability, does value for money become the first choice? This study will attempt to answer these questions amongst others.

### 1.2 Motivation for the Study

This recession has already caused consumers to cut back on going to restaurants and to buy more fuel-efficient cars, the question of importance is to determine just how deeply rooted are these types of changes? (Marketing during recession...2008) This study will provide sellers with crucial information to reflect a continuous self preservation in all types of economies. It could result in different market segments within a specific brand introducing products being tiered, increasing market share, resulting in increased profitability and sustainability of the brand.

### **1.3 Focus of the Study**

The clothing sector within the retail industry has been selected due the interesting turn of current events in the industry. The notion of choice has been replaced by necessity due to affordability. The interesting facts are that top retailers such as Woolworths and Edgars have not been achieving the same double- digit profit margins as they had in the past five years. Evidence of this is reflected in the manner of how they have had to change their way in which they promote and display merchandise. They are also not the only clothing retailer who has resorted to promoting more discounted promotions and entering the price war arena. The issue of price verses value was still very prominent with consumers being price sensitive yet still demanding quality.

### **1.4 Problem Statement**

Ryder (2003) said, “The need to understand the psyche of consumers has and remains the crucial fundamental realism to achieve respect and success in an ever changing industry. To manage brands is to manage society – if we can capture a moment it is surprising the catalytic changes we can make.” “Changes are not forthcoming but essential for sustainability within any industry. It’s about understanding the difference between getting better and getting different – and then learning how to get different in ways that will stun competitors and thrill customers. It’s about differentiating between catching up and breaking out, and then moving beyond best practice to invent new practice” (Hamel. 2002). What we need are companies that are capable of self-renewal, businesses that are capable of continually reinventing themselves and the industries in which they compete (Hamel. 2002).The statement made by Hamel (2002) emphasises how ineffective brands are, it’s about reinventing and restructuring to achieve the demands of the consumers in an ever evolving industry. This raises the question whether the consumer is willing to pay for a branded item verses an affordable substitute product when choice isn’t the only deciding factor? Businesses need to pre-empt their consumers’ choice but more importantly they need to listen to and understand their customers’ needs.

## 1.5 Objectives

The objectives of this was:

- To determine who changes their shopping pattern during difficult economic times.
- To determine why they change.
- To determine what substitutes they buy, whether consumer's would consider abandoning international branded clothing and substitute their requirements with value for money unknown brand name clothing.
- To determine who they buy from?
- To determine why they buy from the new brand.
- To determine whether the change is permanent or temporary.

## 1.6 Research Questions

The research questions were derived from the objectives of the study and seeks to answer the following:

- What determines where you purchase clothing.
- Does advertising influence where you shop?
- Brands influence my purchase of clothing
- I have become more clothing price conscious now as opposed to a year ago.
- As a result of the economic crisis I buy less clothing than I normally would.
- Which stores are you shopping at regularly, as opposed to before?
- As a result of the current difficult economic climate, I have changed from high priced clothing stores to lower priced clothing stores.
- The current economic conditions have encouraged me to shop more often at Mr Price clothing stores than I did before.
- Will you continue to frequent the Mr Price clothing stores even if the financial conditions improves?

The focus being distinctively on who changes their shopping patterns, where they opt to shop and whether their change would be temporal or permanent.

## **1.7 Limitations of the Study**

The sample size was too small to get a true observation and to acquire a larger amount of data to generalise to the population. The method used by hand delivering and collecting the questionnaires is by no means effective. It was determined in the beginning that most individuals working in large businesses do not have access to the internet hence online questionnaires were not used. The results would have been skewed as only middle to higher level Managers had internet access. Older respondents also never had a computer or knew how to use the internet.

## **1.8 Summary**

The motivation for this study was to determine the significance of the retail clothing industry during the current recession. Recessions have the ability to allow some retailers to capitalise on consumers while others diminish. The importance of how retailers adapted during this current recession would ensure how well consumers would embrace and accept them once their financial situation improved and they were once again able to purchase by choice and preference instead of necessity or affordability. The Clothing industry was chosen as the focus of this study for this exact reason.

This chapter presented the notion whether the consumer would be willing to pay for international branded items versus an affordable substitute product when choice was not the only deciding factor. This further required research to determine whether consumers buying behaviour had changed as a result of the current recession. The research questions were derived from the objectives of the study. The objectives were chosen to benefit both the consumer and seller. By understanding the consumer's demands and being able to offer it would result in a feasible solution to the slump generally experienced during these difficult economic conditions. Chapter two will elaborate on other authors and researchers findings on the subject matter.

## CHAPTER TWO

### Consumer survival in tough economic climates

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#### 2.1 Introduction

In the age of revolution, the future is not an echo of the past (Hamel. 2002). Being able to predict the future is unforeseen. It is therefore critical that businesses remain flexible and quick to react to change. Businesses also need to ensure that their Brand is strong enough to weather the downturns when consumer confidence dips. South Africa is currently experiencing a slow down in consumer spending due to the current economic downfall taking place in the world. This has forced consumers to change their shopping patterns. This in turn has forced businesses to re-strategise in order to survive this crisis.

An interesting question is just how much consumers have had to change their shopping patterns and whether this change has resulted with international branded clothing items being replaced by cheaper substitutes. This chapter will analyse existing literature to determine how buying patterns have been affected by economic changes.

#### 2.2 Consumer Behaviour and Trends

Hamel (2002) said that what we need are companies that are capable of self-renewal, organisations that are capable of continually reinventing themselves and the industries in which they compete. As our society has moved from an economy of mass production to an economy of mass customisation, our purchasing choices have multiplied (Neumeier 2003). We've become information rich and time poor (Neumeier 2003). As a result, our old method of judging products by comparing features and benefits no longer works. The situation is exacerbated by competitors who copy each other's features as soon as they're introduced, and by advances in manufacturing that make quality issues moot (Neumeier 2003).



According to Neumeier (2003) today we base our choices more on symbolic attributes for example. What does the product look like? Where is it being sold? What kind of people buy it? Which “tribe” will I be joining if I buy it? What does the cost say about its desirability? What are other people saying about it? And finally, who makes it? Because if I can trust the maker, I can buy it now and worry about it later.

Brand loyalty is highly sought after by marketers as there is a direct positive relationship between brand loyalty and repetitive buying behaviour which ultimately translates into a larger share of the market. The goal of the marketer is to attract and retain consumers. They want the consumer to choose their brand and then to “stick” to it (Are South Africans...2009). There is a particular type of consumer that generally likes to pick a brand within a product category and then stick to it. This tendency can be referred to as a consumer's “propensity to stick” (Are South Africans...2009).

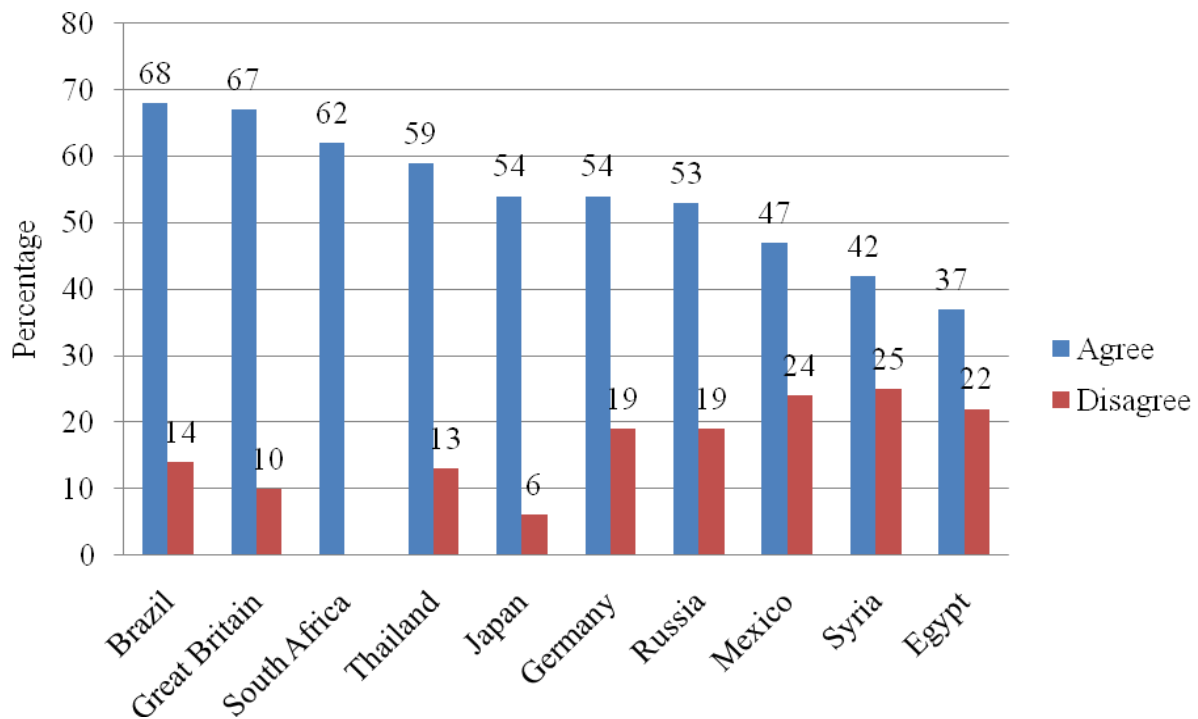


Figure 2.1: Once I find a brand I like, I tend to stick to it (Are South Africans...2009)

Figure 2.1 above indicates this stickiness factor across a number of countries, it can be noticed that consumers are often likely to stick with a brand, but this is not uniform across countries. South Africans tend to score on the high end of the scale whilst Egyptians tend to be less loyal to brands they like (Are South Africans...2009). Further to the study of brand loyalty conducted by the Target Group Index of South Africa (TGI), 15 000 respondents across the world were used to gather data to analyse propensity to brand stickiness by various values-based segments in 2009. The following was determined:

**Motivated** individuals are less likely to be brand loyal as 51.5% said that they would stick to a brand they were comfortable with. Motivated individuals tend to put themselves first, allied to an openness to change. They tend to be highly ambitious, and are willing to take risks to get to the top. They are very concerned with image and appearance, and are avid brand consumers (Are South Africans...2009). **Experiencers** are also more likely to switch than the general population as they have lower than average loyalty levels (54%), they have a strong desire for adventure and novelty, as well as tending to focus more on their own interests. They tend to be thrill-seekers, self-expressive and image-conscious (Are South Africans...2009).

**Materialists** are also more likely to switch brands (57.3%) and tend to focus on themselves, but are also somewhat conservative. They very much want to project the 'right' image - but the image that society values and endorses, rather than individuality (e.g. wealth, success). They therefore like to use brands and labels (especially premium brands) to express their self-identity, and along with the Motivated group are the most positive about marketing. On the opposite side of the spectrum we have the very loyal (Are South Africans...2009).

**Virtuous** (69.8%) who as a group tend to be more altruistic and somewhat conservative. Doing your duty is an important consideration, and they are willing to donate time to good causes. They act responsibly and tend to reject hedonistic or immature behavior (Are South Africans...2009).

The **Utopians** (69.8%) are more philanthropic and spiritual, but also welcome change and risk. They tend to be idealistic and have strong convictions, so support many liberal causes such as environmental groups or conservation groups. They tend to reject materialism, and expect people/businesses to behave ethically (Are South Africans...2009).

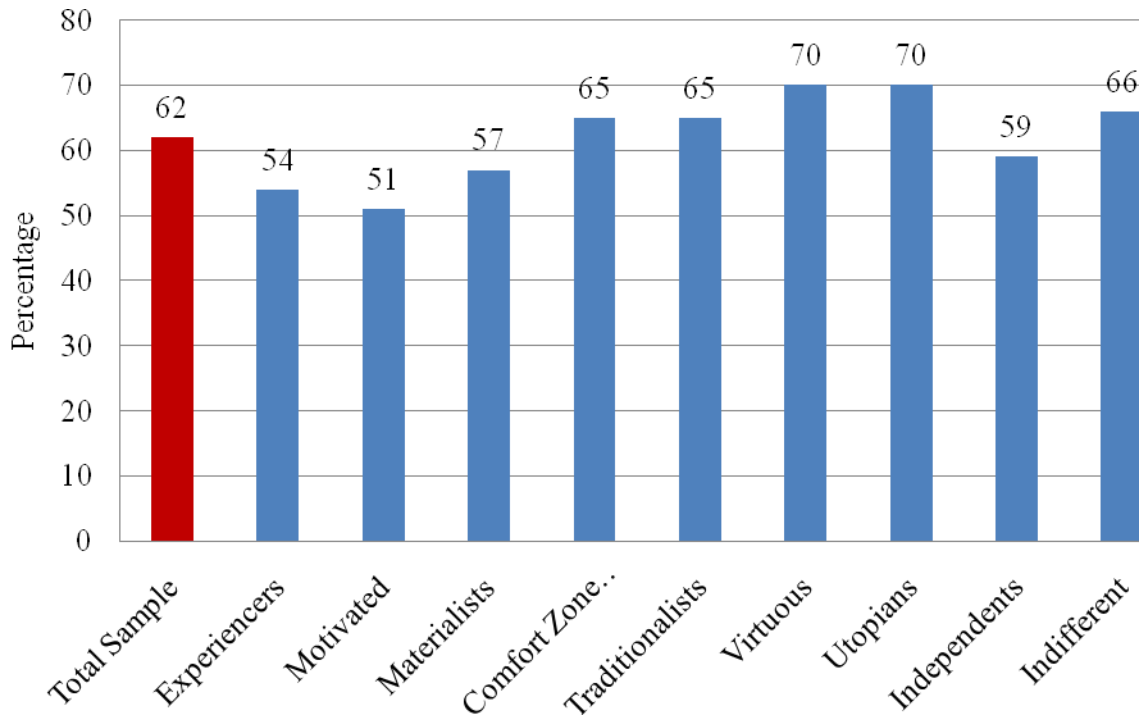


Figure 2.2: Value Segments by Loyalty Propensity (Are South Africans...2009)

Figure 2.2 reminds marketers that they need to take cognisance of the fact that consumers have a general propensity to be loyal towards products and brands and this propensity to be loyal can differ by product category, country, cultural group or value sets. Understanding this attitude within typologies will result in better product and brand loyalty strategies (Are South Africans...2009).

Issues reflecting consumer behavior has been analysed and now a focus needs to be emphasised from the buyers perspective as to how to meet the expectations of the consumer. Buyers enter the transaction looking for certain components of goods they are purchasing. Buyers may focus on certain factors, for example, the price and whether it's in the budget or not, or the warranty and whether the product will last, or the style and the fact that it "just looks great!" The list could go on for every industry or goods category (Stiff, D. 2006). Stiff (2006) also mentions that besides the model of Price, Style and Quality, the Brand is also a critical factor to be considered.

<b>Price</b>	<b>Style</b>	<b>Quality</b>
How much is it?	How does it work?	How does it hold up?
Can I afford it?	What does this feature do?	Does the manufacturer back it up?
Is it in the budget?	How does it feel?	What are the warranties?
Does it fit into our stage of life?	What is the finish?	What is it made of?
How will I pay for this? ( Cash, Credit .....)	How long will it last?	Where is it made?
What promotional offers come with it? ( Cash back, rebates ...)	How does it look, taste or feel	What is their reputation for quality?
Is the price point what I was expecting to spend?	Can I try it on?	What workmanship goes into the products?

Table 2.1: Buyer's Key Questions (Stiff. D 2006. *Sell the Brand FIRST, How to Sell Your Brand and Create Lasting Customer Loyalty*, McGraw-Hill Professional, Two Penn Plaza, New York)

The factors in Table 2.1 contribute to what actually gets made and finally distributed to stores for consumers to purchase. Buyer's need to balance what they can afford and provide profitable items for their organisation yet offer value for money for the consumer. The table also indicates the amount of elements that need to be considered from the buyer's perspective. The Figure below also hi-lights the factors that buyer's need to incorporate and achieve with their purchase.

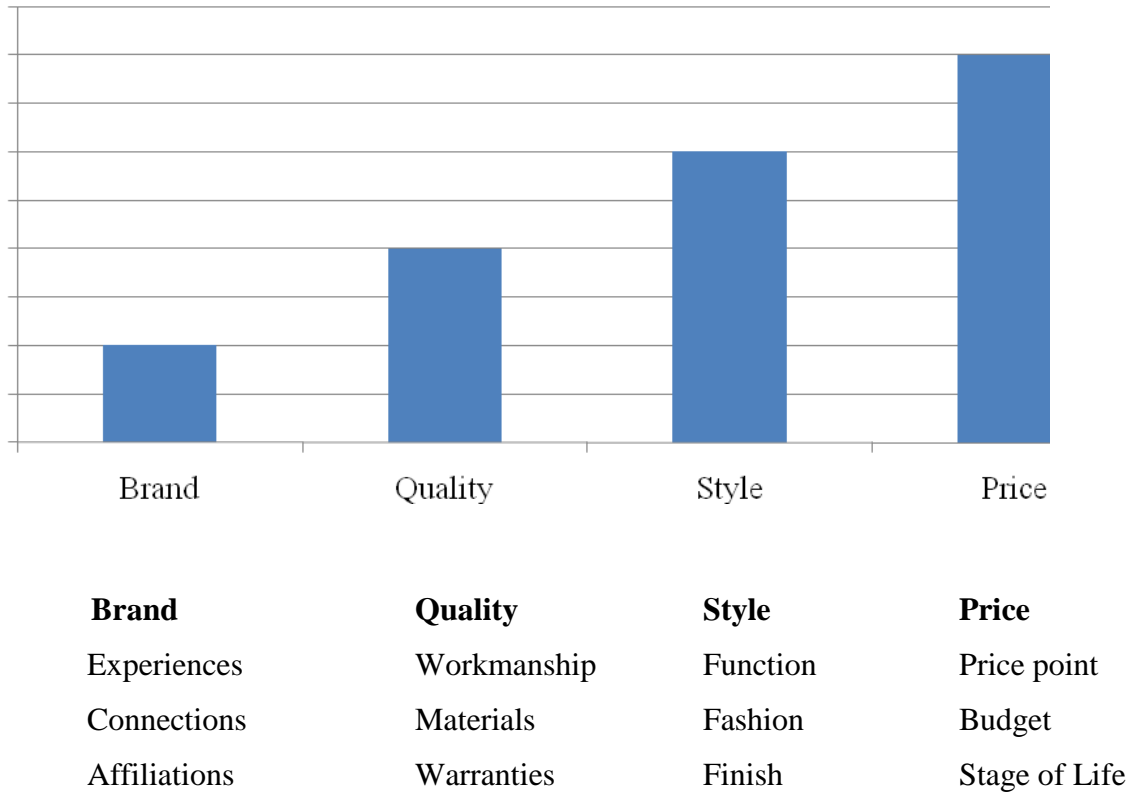


Figure 2.3: Buyer’s Staircase (Stiff. D 2006. *Sell the Brand FIRST, How to Sell Your Brand and Create Lasting Customer Loyalty*, McGraw-Hill Professional, Two Penn Plaza, New York, United States of America)

Figure 2.3 indicates the four key factors that buyers need to offer the consumer. The price and quality are given attributes for any product. The style is what sets one apart from the other, it’s the signature of the seller. The brand provides confidence that contributes to consumers willing when permitted to pay a premium price.

### **2.3 Economic Downfall effects on South African consumer behaviour**

These days, it is virtually impossible to go through a day without hearing or reading about the global economic crisis. While governments debate bailout plans and stimulus packages, consumers worry about problems that are much more tangible and closer to home. How will they pay their mortgage bills? What will happen to their retirement accounts? Will their children still be able to attend college when savings accounts are deteriorating in value? How will they adjust their lifestyles and manage their day-to-day lives (Leinwand, P, Leslie, H. Moeller, K, Shriram. 2008)?

When budgets are tight, consumers are forced to make decisions about how to spend their money (Leinwand, P, Leslie, H. Moeller, K, Shriram. 2008). Because of this, economic downturns have an interesting way of weeding out weak brands, while further strengthening the category leaders (Leinwand, P, Leslie, H. Moeller, K, Shriram. 2008). Successful brands have capitalised on market downturns by staying committed to their corporate strategy, remaining steadfast in pursuit of their long-term corporate vision, and ultimately enhancing their brands' equity and position in the market (Leinwand, P, Leslie, H. Moeller, K, Shriram. 2008). What makes some brands succeed and others fail in times like these, and what companies can do to avoid eroding brand value during a recession (Leinwand, P, Leslie, H. Moeller, K, Shriram. 2008)?

A UCT Unilever study investigating the impact of the current economic crisis on local consumer behaviour have found that 60% of South Africans are worried about the future and their fear is fuelling a considerable change in their buying habits (SA changes buying...2009). This is one of many findings of a new research study undertaken by the UCT Unilever Institute of Strategic Marketing and its research partner Bateleur Khanya Research Solutions (BKRS). 'Project Reboot', the study is arguably the largest and most comprehensive study of its kind ever carried out in South Africa during the grip of recession. The researchers surveyed 2,500 respondents and conducted numerous focus groups and video interviews in an attempt to get to the core of how South Africans are coping with the 'big squeeze' (SA changes buying...2009).

The research team believes their thoroughness has yielded a tremendous understanding of the complexities of consumer behaviour during the economic crisis and is confident their findings and insights will help business and industries effectively navigate these uncertain times (SA changes buying...2009). In unveiling the main findings, Simpson (2009) cautions business that it is time to throw the traditional marketing rule book out of the window. "It is time to sit up and really listen to what your client base is telling you about why and how their lifestyle priorities have shifted (SA changes buying...2009). People are impacted to different degrees. While the majority of South Africans are really feeling the pinch, others are relatively untouched, but remain frugal because of the perception that we are living in very uncertain times" (Simpson. 2009).

While many South Africans report experiencing tangible consequences of the current economic crisis, 21% of the participants claimed they had yet to experience the impact of the recession. This statistic is in sharp contrast to the 76% of participants who said they were more cautious with their spending as a result of the recession. Similarly while 78% of participants claimed their personal income had not fallen in the last six months, an almost equal number of participants' reported they were more cautious with their spending as a result of the recession and believed the economic situation was going to get worse. "The discrepancies between reality and perception don't stop there" (Hooper. 2009) "For example while 69% of those surveyed said their household income had not fallen in the last six months, 59% claimed they had already changed their shopping habits" (SA changes buying...2009).

Through the project Reboot it was discovered that South Africans are in a state of unease at the moment. Simpson (2009) and his team say these discrepancies can be attributed to the emotional responses South Africans are displaying towards the recession - even if they are nationally aware that they are yet to be adversely affected. "This research project has been a fascinating journey for all of us," he says. "The matrix of factors affecting consumer behaviour cannot be explained in isolation to the recession alone and must take into account people's emotional and psychological experiences" (SA changes buying...2009). "We believe this time to be a watershed moment for local business and marketers as the ramifications of this recession will be felt a long, long time after it fades from memory. It can no longer be 'business as usual'" warns Simpson (2009).

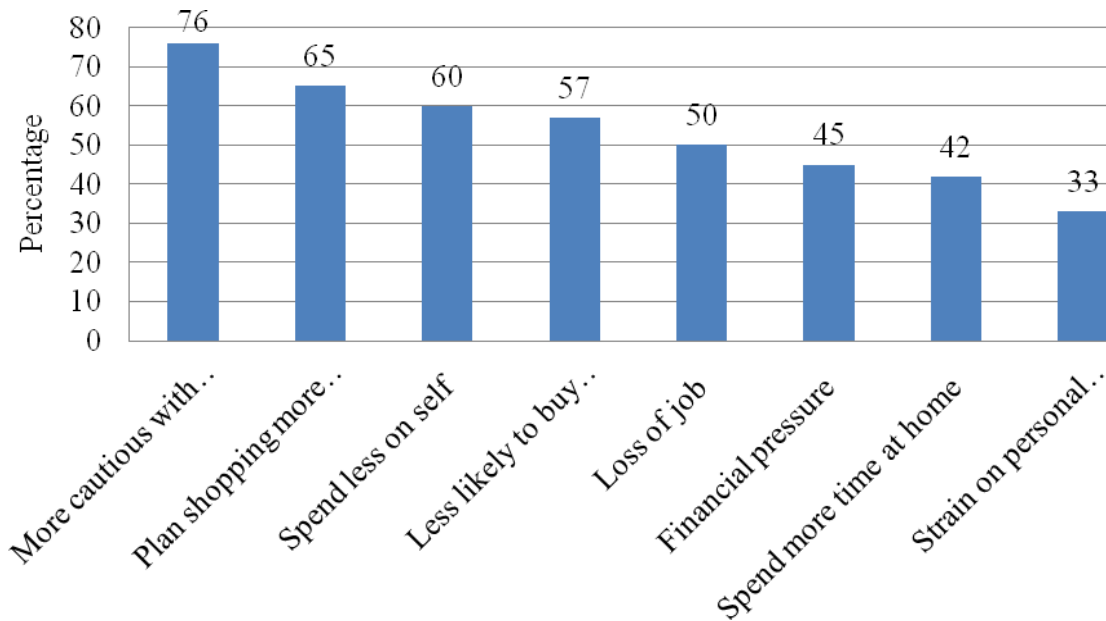


Figure 2.4: South Africans state of mind (SA consumer research...2009)

Simpson (2009) is adamant that no company can be complacent and ride out the recession by rolling out tried and tested marketing practices. "In this environment, success in business will be dependent on attaining an excellent understanding of the massive shifts taking place in consumer behaviour, as well as great insight into the factors influencing these changes" (SA consumer research...2009). Both Simpson and Hooper (2009) maintain there is a brief, but critical, window of opportunity for SA business to rethink and revise their strategies as customers rapidly adjust their buying behaviour to remain financially buoyant during the current economic downturn (SA consumer research...2009).

Another survey has been conducted by Todd (2008) known as the Bateleur Khanya Recession Survey. This survey set about measuring how the purchase behaviours of economically active SA consumers are being influenced by the current tougher economic times (Todd. 2008). From this survey it was realised that the responses to economic hardship are likely to be influenced by cultural, demographic and socio-economic factors, and that behaviour changes are likely to be different from one consumer segment to the next. Accordingly, in September 2008, samples of a 1000 consumers around the country were interviewed, as a result enabling the ability to analyse the differences between the various consumer segments (Todd. 2008).



At the outset in the questionnaire it was decided to look into the consumers' general attitudes towards spending money on things that they do not regard as essentials. The current questionnaire asked exactly the same questions as the questionnaire in September 2007, so it was interesting to see the shifts from then to now (Todd. 2008).

The living expenses of consumers were classified into nine categories:

1. Home and food expenses
2. Communications expenses
3. Transport expenses
4. Credit expenses
5. Recreation and entertainment expenses
6. Child rearing expenses
7. Clothing and personal grooming expenses
8. Insurance expenses
9. Investment and savings expenses

Within each of these categories a number of expense items were listed and measured the degree to which each one is a candidate for consumers to achieve a saving. From the survey data obtained the opportunity existed to rank the expenditure categories in terms of the extent to which consumers have, or intend to, cut back on spending in each category (Todd. 2008).

The ranking shown in the table on page 15 is from “most likely to cut spending” down to “less likely to cut spending”. The scores indicate the percentage of consumers who indicate that they already have, or intend to cut back on spending in each category (Todd. 2008).

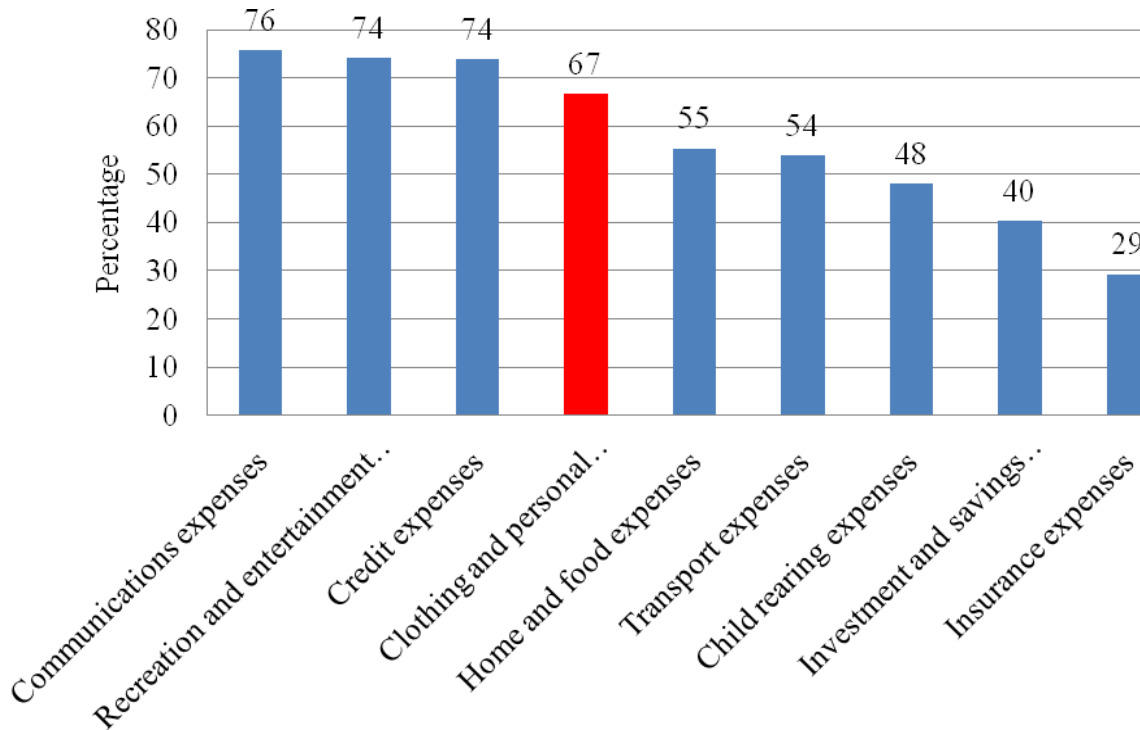


Figure 2.5: Categories consumers have already or intend to cut back on spending (Todd, A. 2008. Economic downturn effects on SA consumer behaviour [Online]. Available at: <http://www.bizcommunity.com/article/196/19/30354.html>) n= 1000

It can be seen in Figure 2.5 that clothing is one of the categories that consumers are most likely to or already cut spending on. This signifies the notion of when times get tough, necessities are on top of the priority list opposed to nice to have products. The table on page 16 shows the top 20 individual expenditure items across all of the categories where most consumers claim that have already, or intend to reduce their spending. Once again, the scores indicate the percentage of consumers (who spend money on that item) who indicate that they already have, or intend to cut back on spending in each category.

Send more SMSs (and make fewer voice calls)	87%
Holiday in south Africa	83%
<b>Buy clothes less often</b>	<b>83%</b>
Cut back on eating out	80%
Use a landline rather than a cellphone	80%
Plan car trips better	80%
Cut back on takeaways	79%
Go to movies less often	79%
Go to pubs and clubs less often	79%
Stay home for the holidays	78%
Consolidate debt	78%
Postpone buying sports and hobbies equipment	76%
Save electricity	75%
<b>Buy cheaper clothing</b>	<b>74%</b>
Cut back on drinking	73%
<b>Don't buy things on credit</b>	<b>72%</b>
Stop gambling	71%
Put off buying a new car	71%
Buy cheaper groceries	70%
Join a lift club	68%

Table 2.2: Categories consumers have already or intend to cut back on spending (Todd, A. 2008. Economic downturn effects on SA consumer behaviour [Online]. Available at: <http://www.bizcommunity.com/article/196/19/30354.html>)

Table 2.2 indicates a survey that was conducted with a 1000 respondents, their third choice on the table indicated that most of them were having or intending on buying clothing less often. The same table also shows that consumers intend to purchase cheaper clothing as a high percentage. This signifies a shift already in the consumers shopping pattern. Interesting is also the fact that seventy two percent of the consumers surveyed also stated that they do not want to buy things on credit. This reiterates the need to offer value for money.

It was noted within each item there were significant differences between the profiles of the people who were more likely and less likely to be reducing their spending. The survey provided invaluable insights into the degree to which each of the expense items are prone to negative consumer sales, relative to the other expense items. It diagnoses which segments are most likely to be causing these effects, and provides a useful basis for sketching out a workable marketing strategy to cope with the current economic downturn (Todd. 2008).

A sample total of a 1000 respondents who were “economically active” South Africans between the ages of 16 and above were used for the survey. According to Todd (2008), respondents also had to:

1. Have a household income of R2000 or more;
2. Have a landline at home OR own a cell phone;
3. Have purchased new clothes in the past six months; and
4. Have a bank account OR own an insurance policy.

### **2.3.1 Changes in Consumer buying patterns**

Couzyn (2009) says that it is vital that marketers truly understand the nuances behind shopper behaviour. "With the country currently experiencing a slowdown in consumer spending, brand managers have to learn more about how people behave in The Last Mile and how to move them from being shoppers to buyers. This requires a better understanding of how shoppers behave in their particular category, and the channels they are present in, to get better results." A study by Deloitte in the USA found shopper marketing was the fastest growing medium with a compound annual growth rate of 21%. This is faster even than spending on internet advertising, which is rising 15% annually, and far faster than the 2% growth projected for spending on traditional media such as TV, print and radio (Couzyn. 2009).

"With the widely quoted statistic that 70 percent of all shopper purchase decisions are made in store being top of mind for marketers in South Africa, we have recently seen many companies investing heavily in shopper marketing," points out Fordyce (2009). "To justify shopper marketing budgets in South Africa and to really convert shoppers to buyers a recent global shopper study undertaken by Ogilvy's Activation unit, represented in South Africa by Brand Activation in Johannesburg and Ogilvy Action in Durban, clearly indicates that brand marketers globally and locally need to understand that one size doesn't fit all. To reap the benefits of shopper marketing our clients must accurately grasp this complicated and dynamic environment" (Couzyn. 2009). This study saw over 14,000 shopper interviews being conducted in 700 retail outlets across 24 markets around the world. The research spanned five retail channels and six product categories to examine how shopper decisions differed across shopping channels, product categories as well as brands, and how those decisions varied by country and shopper profile (Couzyn. 2009).

"Over and above shopper decision making varying considerably there are also three levels of in-store decision making where shoppers decide if they will firstly buy in a specific category, then what brand and finally at what volume" explains Couzyn (2009). "Each of these moments offers opportunities to engage with shoppers." Some of the findings included that nearly 30% of shoppers around the world wait until they're in store to decide which brand they will buy (Couzyn. 2009). In addition, one in ten shoppers globally simply changes their minds in store and buys a different brand to which they had planned. But the most interesting statistic is that one in ten shoppers leave a product they planned to buy on shelf and walk away empty-handed (Couzyn, K. 2009).

One in ten shoppers will also switch brands inside the store and 20 percent impulsively buy in categories they had no intention to buy before entering the store because it is a brand easy to find and activated in store. One in three shoppers also responds well to the human touch and recall being recommended to a product by in-store staff or sampling from a demonstration. "These fascinating findings prove that marketers using a store to build sales and equity in their brands are much more complex and interesting than whether a certain percentage of shopper decisions are made in store" (Couzyn, K. 2009).

“They also indicate that brand building and activation in store is crucial and that in-store staff can be powerful ambassadors if correctly used. However, the most important conclusion from this study is that shopper decision making in retail varies and marketers need to be equipped with in-depth shopper insights to deliver sales," concludes Couzyn (2009).

According to Mawby (2008) cash strapped consumers affected by the economic downturn are changing their shopping behaviour and that retailers will need to respond to changing consumer needs as the economic climate forces shoppers to be more considered in their buying habits (Mawby and Lanser. 2008) "As the rising cost of transport begins to factor, consumers are likely to cut down on their 'top-up' shopping trips and are less likely to succumb to impulse buying" (Mawby and Lanser. 2008) "Consumers, however, will probably show an increased weight of purchase during their 'Planned Shop', looking to cover their monthly needs at the best price" (Mawby and Lanser. 2008)

Mawby (2008) notes that many consumers will also begin to 'downgrade' on their repertoire of retail brands. "Consumers who might have typically popped into a convenience or a high end brand store for a quick fix dinner, treat or special occasion purchase will now reconsider as the cost impact is felt." Lanser (2008) adds that brands face more than just the till-affected challenge of tighter belts. "Consumers will be looking for alternatives to brands that they perceive to be expensive. Challenger brands have an increased opportunity to promote trial and value brands have the opportunity to cement loyalty."

Brand value will come under scrutiny as people focus more on the intrinsic value of the brand, rather than its perceived value. "Brands that don't deliver in this kind of environment are going to be hard pressed to hang on to their market share" (Mawby and Lanser. 2008). Purely price driven value is harder to sustain in the long term and sets a precedent for the future. Rather, consider how to add value to the shopper experience. Think big and small; value packs as well as smaller versions of luxuries both help consumers feel like they are tightening their belts without sacrificing their little indulgences (Mawby and Lanser. 2008).

It might also be a good time to really start rewarding loyalty with some pay back schemes. For example, consumers who have an active store card could get a surprise pay back bonus. Or consumers could sign up for a "value" membership which helps them stretch and make the best use of their groceries (Mawby and Lanser. 2008).

Whether you call it the "credit crunch", an "economic downturn" or a "recession", the fact is that the consumers' discretionary spending is being squeezed hard, and their confidence about the economic future has been dented (Todd. 2008). Consumers are feeling economic stress right now, and this anxiety is heightened by a sense of danger rooted in 21st century worries about terrorism, environmental guilt, genetically modified foods, oil shortages, political uncertainty, currency fluctuations and AIDS, to name some. All of this strongly impacts on consumer purchase behaviour, which in turn directly affects business performance (Todd. 2008). In good economic times, the consumer is willing to spend more (even borrowing money to do so) because they believe that their economic circumstances will improve. When their budgets are squeezed, and they start to believe that their economic circumstances are likely to get worse, how they choose to spend their money dramatically changes. They become more inclined to delay purchases, trade down, and buy less often (Todd. 2008).

The Bateleur Khanya Recession Survey revealed the following as consumer behaviour changes characteristics: Consumers don't want anyone to know they're feeling the pinch. They will make trade-offs to keep up appearances. They might share lifts to work to be able to afford fashionable clothing (bought from a value-for-money retailer) (Todd. 2008)

Even consumers who aren't feeling pinched behave erratically. As the hard-pressed change their behaviours so too do the well-off. The well-off see the suffering of the hard-pressed and start making behaviour changes almost for the sake of cutting back rather than to effect a significant cost saving (Todd. 2008). Consumers seek and buy good value items. Price cuts (and own brands) become more appealing. Consumers take longer to make decisions about the purchase of durables, and end up buying on price. No-frill products are favoured over those with "all the bells and whistles" (Todd. 2008). Consumers take refuge in their homes. Meals and entertainment at home become more frequent and family time becomes more important (Todd. 2008)

Consumer needs become more basic. Flashy, up-to-date and different products make way for dependable, durable, safe-bet products. There is a significant shift in all product categories from high-risk to low-risk options (Todd. 2008). Consumers first spend on what they regard as being essentials. Essential items are still essential, but they buy the cheaper ones. Consumers become less loyal. They shop around more looking for the best deal. In September 2008, a sample of 1,000 consumers around the country was interviewed for the Bateleur Khanya Recession Survey (Todd. 2008). The questionnaire delved into the consumers' general attitudes towards spending money on things that were not regarded as essentials. Below is Figure 2.6 with the results (Todd. 2008).

Figure 2.6 illustrates the South African consumer as being cautious on various levels. The significant change can be noted on the left with consumers having moved from the right of being a little cautious to being very cautious.

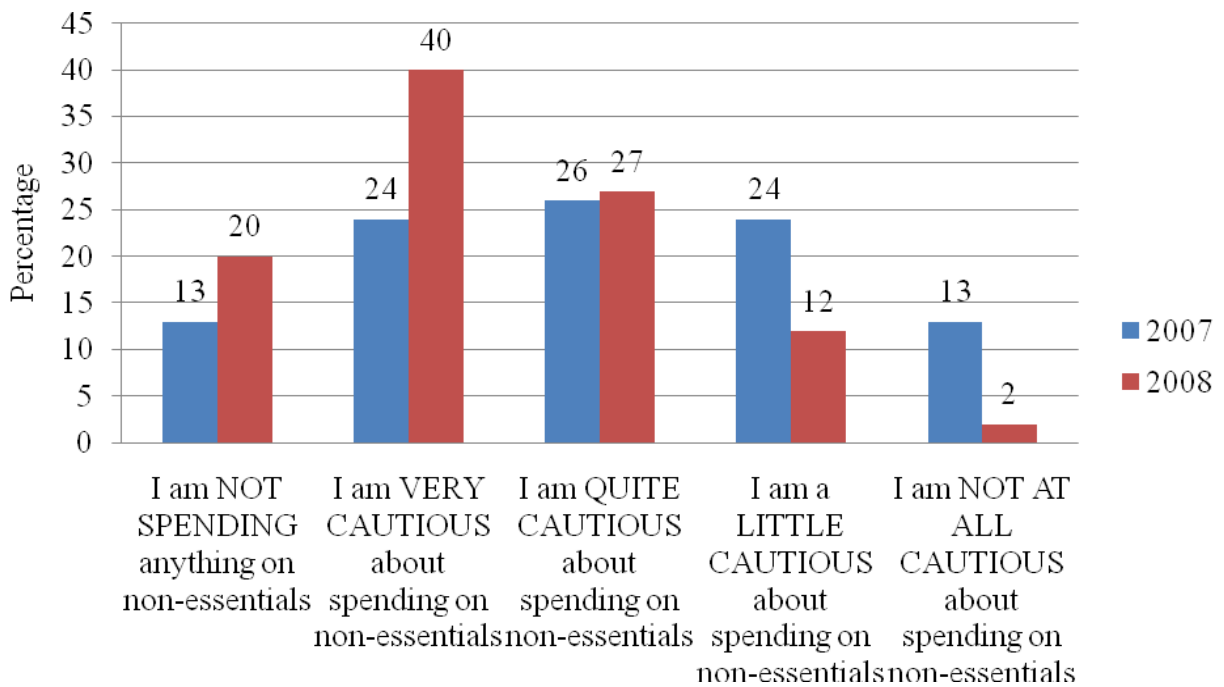


Figure 2.6: South African consumers are being influenced by the current tougher economic times (Todd, A. 2008. Economic downturn effects on SA consumer behaviour [Online]. Available at: <http://www.bizcommunity.com/article/196/19/30354.html>)



It is evident from Figure 2.6 that a degree of caution prevailed in 2007 that began to negatively affect consumer spending. One year later the shifts were quite dramatic with 60% of the market claiming to be very cautious about spending money on non-essentials, or not spending any money at all.

Most consumers have been operating in "recession-mode" since the end of the second quarter, well before the recession was official, because they were already feeling the pain of house payments, petrol prices, at the grocery store, and lost jobs (Swanson. 2008). Well before the market crash in October 2008, most people had reduced their use of petrol and electricity (67%), cut back on out-of-home entertainment (56%), were spending less on new clothes (55%) and using their cars less often (54%). After covering essential living expenses, Americans are saving whatever is left over, though almost 25% of consumers report having no cash (Swanson. 2008).

### **2.3.2 Effects on Mr Price Clothing**

Mr Price clothing was identified as one of the most successful retailers who prides themselves with being value for money fashion leaders in the country. Due to their business being predominantly still a cash business and being well priced in the market place it made them a likely candidate to study. Retailer Mr Price has benefited as consumers continued to trade down and buy value items for less, at the weekend. "Apart from consumers trading down, Mr Price's wide selection of fashion at a low price also helps the group" (Gilmour. 2009). Cash sales for the group constituted 82 percent of sales (Sales climb 12%...2009)

According to Shapiro (2009) "What the Mr Price results show you, is that people are downgrading, in other words, they're buying for cash and also I don't want to say cheaper quality because I think Mr price produces good value for money quality, but people are certainly conscious about where they're spending their money." McArthur (2009) said, "I often hear the comment being made that people 'trade down', which we do not necessarily like. In Mr Price itself, we have 3.5 million customers, and we share those with the other major retailers. They are just simply buying more from us – they are not new customers that are coming into this environment. And the fashion value offer has really gained enormous market share for them during this period."

"We believe that positioning ourselves as a value retailer has been strategically sound and this, taken together with the fact that we are still a predominantly cash business, has enabled us to withstand the effects of these economic headwinds better than most" McArthur (2009). "We have also tightly managed our costs and debtors collections. As a consequence, the group has performed well in this difficult climate" (McArthur. 2009). Mr Price's group revenues grew 19% to R7, 4bn, profit before tax increased from R672m to R770m and diluted headline earnings per share increased from 184c to 210c. Return on equity is a healthy 40% — "the highest in the sector," says McArthur (Planting, S. 2008).

Looking ahead, McArthur (2009) said that while it was uncertain when the economic crisis would start to show signs of abating and consumer confidence would be restored, the group would continue to enhance its value proposition to customers (Mr Price interim...2008).

## **2.4 Summary**

Evidence has been obtained from the literature research that consumer trends are related to how confident they feel about their country's economy. This was evident due to references made that people have not been affected by the current depression in this country, yet they felt compelled to restrict their purchases. Businesses need to invest in marketing especially during troubled times to ensure sustainability and preferred choice once the economy flourishes. In order to remain competitive and to survive the trials of a recession businesses must be innovative and learn to listen to their customers demands. It is critical to build the brand to ensure loyalty through relationship building. It has also been found that consumer's perceptions are influenced by their decisions of what and when to make a purchase. These perceptions are developed through psychological experience a consumer would have had with a specific brand. Mr Price clothing has built a brand name that signifies fashion value for money. They are not "cheap and nasty", but rather value for money clothing. Their positioning in the fashion segment is well positioned regardless of how the countries economy is doing. Their brand is strong enough to compete with the best and still be able to grow market share. The empirical study will attempt to determine whether consumers will switch to Mr Price clothing during periods of recession.

## **CHAPTER THREE**

### **Research Methodology**

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#### **3.1 Introduction**

This chapter discusses the methodology used in collecting the required data in answering the research hypotheses. Issues related to the procedures and instruments used to gather the data needed for the research is discussed in this chapter. This study employs the various research tools to answer the study objectives.

#### **3.2. Aim and Objectives of the Study**

The aim and objectives of this study was:

- To determine who changes their shopping pattern during difficult economic times.
- To determine why they change.
- To determine what substitutes they buy, whether consumer's would consider abandoning international branded clothing and substitute their requirements with value for money unknown brand name clothing.
- To determine who they buy from.
- To determine why they buy from the new brand.
- To determine whether the change is permanent or temporary.

#### **3.3. Sampling**

The definition of a Sample is the segment of the population that is selected for research. It is a subset of the population. The method of selection may be based on probability sampling or non-probability sampling (Bryman. A, Bell. E. 2007).

##### **3.3.1 Probability Sampling**

A sample that has been selected using random sampling and in which each unit in the population has a known probability of being selected (Bryman. A, Bell. E. 2007).

### **3.3.2 Non-Probability Sampling**

A sample that has not been selected using a random sampling method. Essentially, this implies that some units in the population are more likely to be selected than others (Bryman. A, Bell. E. 2007).

### **3.3.3 Types of Probability Sampling**

#### **3.3.3.1 Simply Random Sampling**

A sample in which each unit has been selected entirely by chance. Each unit of the population had a known and equal probability of inclusion in the sample.

#### **3.3.3.2 Systematic Sampling**

A probability sampling method in which units are selected from a sampling frame according to fixed intervals, such as every fifth unit.

#### **3.3.3.3 Stratified Random Sampling**

A sample in which units are randomly sampled from a population that has been divided into categories (Strata).

#### **3.3.3.4 Multi-Stage Cluster Sampling**

With cluster sampling, the primary sampling unit (the first stage of the sampling procedure) is not the units of the population to be sampled but groupings of those units. It is the latter groupings or aggregations of population units that are known as clusters.(Bryman. A, Bell. E. 2007).

### **3.3.4 Types of Non-Probability Sampling**

#### **3.3.4.1 Convenience Sampling**

A sample that is selected because of its availability to the researcher. It is a form of non-probability sample.

#### **3.3.4.2 Snowball Sampling**

A non-probability in which the researcher makes initial contact with a small group of people who are relevant to the research topic and then uses these to establish contacts with others.

#### **3.3.4.3 Quota Sampling**

Quota sampling is used intensively in commercial research, such as market research and political opinion polling. The aim of quota sampling is to produce a sample that reflects a population in terms of the relative proportions of people in different categories, such as gender, ethnicity, age groups, socio-economic groups, and region of residence, and in combinations of these categories. The sampling of individuals is not carried out randomly, since the final selection of people is left up to the interviewer (Bryman. A, Bell. E. 2007).

This study used Probability Sampling with the Simply Random Sampling being the method adopted. This method was appropriate for the study since a recession affects everyone's buying behaviour regardless of their social status. This study required a sample that would represent everyone in order to determine the effects of the recession on various scales within society.

A sample size of 384 is required from a population exceeding three million (The research advisors <http://www.research-advisors.com/tools/samplesize.htm>). The sample was drawn from shoppers in Durban, the population of which is 3 120 282 according to GeoNames data base (Population.mongabay.com...2009) For this study a random convenient sample was selected after interviewing a number of potential respondents of which only 300 candidates indicated positive participation. A total of 133 valid responses were received which is a response rate of 44%. Saunders *et al.* (2003) suggest that a larger sample size reduces the likelihood of error in generalising to the population. However, larger sample sizes do not necessarily guarantee accuracy in results.

### 3.4. Data Collection Strategies

Quantitative Method was used to gather the data for this study.

Matveev (2002) quantified this research with other author's writing stating that the functional or positivist paradigm that guides the quantitative mode of inquiry is based on the assumption that social reality has an objective ontological structure and that individuals are responding agents to this objective environment (Morgan & Smircich, 1980). Quantitative research involves counting and measuring of events and performing the statistical analysis of a body of numerical data (Smith, 1988). The assumption behind the positivist paradigm is that there is an objective truth existing in the world that can be measured and explained scientifically. The main concerns of the quantitative paradigm are that measurement is reliable, valid, and generalisable in its clear prediction of cause and effect (Cassell & Symon, 1994).

Matveev (2002) further supported his writing stating that being deductive and particularistic, quantitative research is based upon formulating the research hypotheses and verifying them empirically on a specific set of data (Frankfort-Nachmias & Nachmias, 1992). Scientific hypotheses are value-free; the researcher's own values, biases, and subjective preferences have no place in the quantitative approach. Researchers can view the communication process as concrete and tangible and can analyze it without contacting actual people involved in communication (Ting-Toomey, 1984).

The strengths of the quantitative method included by Matveev (2002):

- Stating the research problem in very specific and set terms (Frankfort-Nachmias & Nachmias, 1992);
- Clearly and precisely specifying both the independent and the dependent variables under investigation;
- Following firmly the original set of research goals, arriving at more objective conclusions, testing hypothesis, determining the issues of causality;
- Achieving high levels of reliability of gathered data due to controlled observations, laboratory experiments, mass surveys, or other form of research manipulations (Balsley, 1970);

- Eliminating or minimizing subjectivity of judgment (Kealey & Protheroe, 1996);
- Allowing for longitudinal measures of subsequent performance of research subjects.

The weaknesses of the quantitative method included by Matveev (2002):

- Failure to provide the researcher with information on the context of the situation where the studied phenomenon occurs;
- Inability to control the environment where the respondents provide the answers to the questions in the survey;
- Limited outcomes to only those outlined in the original research proposal due to closed type questions and the structured format;
- Not encouraging the evolving and continuous investigation of a research phenomenon (Matveev. 2002).

There were also strengths and weakness associated with gathering data from secondary / already existing data. These strengths and weaknesses are highlighted below:

Strengths of documents and physical data:

- Can provide insight into what people think and what they do.
- Unobtrusive, making reactive and investigator effects very unlikely.
- Can be collected for time periods occurring in the past (e.g., historical data).
- Provides useful background and historical data on people, groups, and organisations.
- Grounded in local setting.
- Useful for exploration.

Strengths of archived research data:

- Archived research data are available on a wide variety of topics.
- Inexpensive.
- Often are reliable and valid (high measurement validity).
- Can study trends.
- Ease of data analysis.
- Often based on high quality or large probability samples.

Weaknesses of documents and physical data:

- May be incomplete.
- May be representative only of one perspective.
- Access to some types of content is limited.
- May not provide insight into participants' personal thinking for physical data.
- May not apply to general populations.

Weaknesses of archived research data:

- May not be available for the population of interest to you.
- May not be available for the research questions of interest to you.
- Data may be dated.
- Open-ended or qualitative data usually not available.
- Many of the most important findings have already been mined from the data

(Johnson, B. Christensen, L. 2007)

The Survey Method had been chosen to collect data for this study. This method was the most popular and commonly used technique for conducting research. It's the collection of Primary data obtained directly from respondents. Secondary data from literature is utilised to enforce the primary findings to be valid.

### **3.5 Research Design and Methods**

#### **3.5.1 Description and Purpose (Design of questionnaire)**

The questionnaire was designed around the objectives of the study. The data was critical to distinguish the trend around the various LSM participants. Being able to determine the effect the downturn in the economy has had on the poor in relation to the wealthy. The other important factor was to determine whether the change, if any, would be temporary during the trying times or permanent.

A four scale likert style options and rating type questionnaire was formulated to ensure that the data gathered had a definite inclination on one of the two sides with no undetermined decisions being posed. Eg. Unsure / neutral.



### 3.5.1.1 Construction of the Research instrument

The questionnaire was designed as follows:

- The questions were formulated from the research objectives.
- Questions were unbiased.
- The wording was specifically chosen to ensure ease of understanding and to overcome any language barriers.
- The four point likert style options and rating type questions were used to ensured accurate responses.
- The questions were short and easy to remember.
- The questionnaire was designed to be completed with ease and within a short period of time.

### 3.5.1.2 Recruitment of Study Participants

<b>Purpose:</b>	
<b>Qualitative</b>  Thick descriptions Rich detail Understand human perspectives Depth (an inch wide, a mile deep)	<b>Quantitative</b>  Numerical summaries Generalizations across populations Comparisons between populations Breadth (a mile wide, an inch deep)
<b>Characteristics:</b>	
Many variables and few cases Selection of procedures to establish trustworthiness	Few variables and many cases Prescribed procedures to establish validity and reliability

Table: 3.1: Qualitative verses Quantitative (Moskai, B. 2007 Useful Concepts in Qualitative and Quantitative Research. [Online]. Available at: <http://www.succeed,ufi.edu/icee/workshops/moskalworkshopFl.pdf>)

In this Quantitative research, structured questionnaires with four likert style options and rating type questions for consumers to capture their responses were provided. A total number of 300 questionnaires were delivered by hand. This method was not the first option. These questionnaires were in an electronic format originally. Due to the lack of respondents having internet access, the manual format was utilised with the survey questionnaires being delivered and collected from respondents. A representative sample mix was the underlying objective. The questionnaires were designed to ensure ease of use within a quick time period, it was found that a number of respondents indicated that they had not been able to complete the questionnaire, it was particularly noted that senior black participants were reluctant to divulge any personal information and most opted not to participate in the study.

### **3.5.2 Pretesting and Validation**

#### **3.5.2.1 Validity and Reliability**

The principles of validity and reliability are fundamental cornerstones of the scientific method. Together, they are at the core of what is accepted as scientific proof, by scientist and philosopher alike.

By following a few basic principles, any experimental design will stand up to rigorous questioning and skepticism (Shuttleworth. 2008).

#### **3.5.2.2 What is Reliability?**

In the abstract, reliability is a matter of whether a particular, technique, applied repeatedly to the same object, would yield the same result each time (Babbie, E. Mouton, J. 2001).

The idea behind reliability is that any significant results must be more than a one-off finding and be inherently repeatable. Other researchers must be able to perform exactly the same experiment, under the same conditions and generate the same results.

This will reinforce the findings and ensure that the wider scientific community will accept the hypothesis.

Without this replication of statistically significant results, the experiment and research have not fulfilled all of the requirements of testability. This prerequisite is essential to a hypothesis establishing itself as an accepted scientific truth.

For example, if you are performing a time critical experiment, you will be using some type of stopwatch. Generally, it is reasonable to assume that the instruments are reliable and will keep true and accurate time. However, diligent scientists take measurements many times, to minimise the chances of malfunction and maintain validity and reliability.

At the other extreme, any experiment that uses human judgment is always going to come under question.

For example, if observers rate certain aspects, like in Bandura's Bobo Doll Experiment, then the reliability of the test is compromised. Human judgment can vary wildly between observers, and the same individual may rate things differently depending upon time of day and current mood.

This means that such experiments are more difficult to repeat and are inherently less reliable. Reliability is a necessary ingredient for determining the overall validity of a scientific experiment and enhancing the strength of the results.

Debate between social and pure scientists, concerning reliability, is robust and ongoing (Shuttleworth. 2008).

### **3.5.2.3 What is Validity?**

In conventional usage, the term validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration (Babbie, E. Mouton, J. 2001).

Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the scientific research method.

For example, there must have been randomization of the sample groups and appropriate care and diligence shown in the allocation of controls.

Internal validity dictates how an experimental design is structured and encompasses all of the steps of the scientific research method. Even if your results are great, sloppy and inconsistent design will compromise your integrity in the eyes of the scientific community. Internal validity and reliability are at the core of any experimental design.

External validity is the process of examining the results and questioning whether there are any other possible causal relationships.

Control groups and randomisation will lessen external validity problems but no method can be completely successful. This is why the statistical proofs of a hypothesis called significant, not absolute truth. Any scientific research design only puts forward a possible cause for the studied effect.

There is always the chance that another unknown factor contributed to the results and findings. This extraneous causal relationship may become more apparent, as techniques are refined and honed (Shuttleworth. 2008).

If you have constructed your experiment to contain validity and reliability then the scientific community would be more likely to accept your findings. Eliminating other potential causal relationships, by using controls and duplicate samples, is the best way to ensure that your results stand up to rigorous questioning (Shuttleworth. 2008). Saunders *et al.* (2003) believed that the validity and reliability of the data collected, together with the response rate achieved, depend on the design of the questions, the structure of the survey questionnaire, as well as the rigour of the pilot testing.

It was found, during the testing phase that most respondents that questionnaires were sent to did not have access to the internet, which prevented them from being able to access Survey Bob and complete the electronic questionnaire. By pre-testing the questionnaire, it enabled the researcher to amend the questionnaire to ensure validity and reliability of the data that would be collected.

During pre-testing it was also established that most participants were not willing to divulge their monthly income which meant that the question had to be taken out and replaced with another that didn't offend participants. Employment categories replaced the income question and assumptions were made as to how much each category would earn to establish the difference between the wealthy and less wealthy respondents.

Both validity and reliability occur when the researcher is clear about the information requirements when designing the questionnaire, the way in which respondents decode the questions is the same way intended by the researcher, and the researcher decodes the answers in the way the respondents intended (Saunders *et al.* 2003).

### **3.6 Summary**

The aim of the study with objectives was clarified to prove or disprove the research problem. The objectives formed the basis for designing the questions on the questionnaire, which was the data collecting instrument. The sample of respondents was selected from Durban to represent the Durban consumers buying behaviour regarding clothing in different economic climates. The questionnaire was distributed on a manual basis due to limited access respondents had to the internet. The design of the questionnaire was around the studies objectives and formulated to ensure data gathered had a definite inclination on one of the two sides with no undetermined decisions being posed. Chapter four provides the results and analysis obtained from the data extracted from the completed questionnaires.

# CHAPTER FOUR

## Presentation and Analysis of Results

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### 4.1 Introduction

This chapter will use the elements of collaboration to determine the results of this study. (Using both questionnaires and graphs.) This chapter is divided into two sections, namely: Description of the sample and Analysis of the objectives.

### 4.2 Description of the Sample

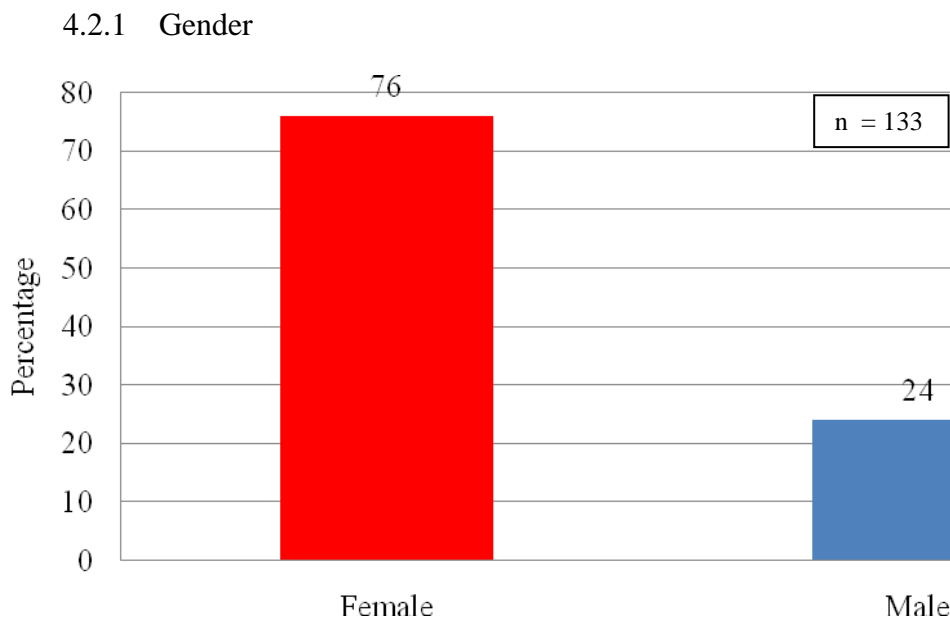


Figure 4.1: Gender of respondents

Figure 4.1 indicates that the sample consisted of twenty-four percent male and seventy-six percent female respondents. Although the ratio seems biased, questionnaires were handed to similar numbers of respondents from both groups. The sample shows the amount of questionnaires that were completed and handed back. This could be due to the fact that the female population generally do frequent shopping for themselves and family members, which would make them more informative on buying habits.

#### 4.2.2 Age

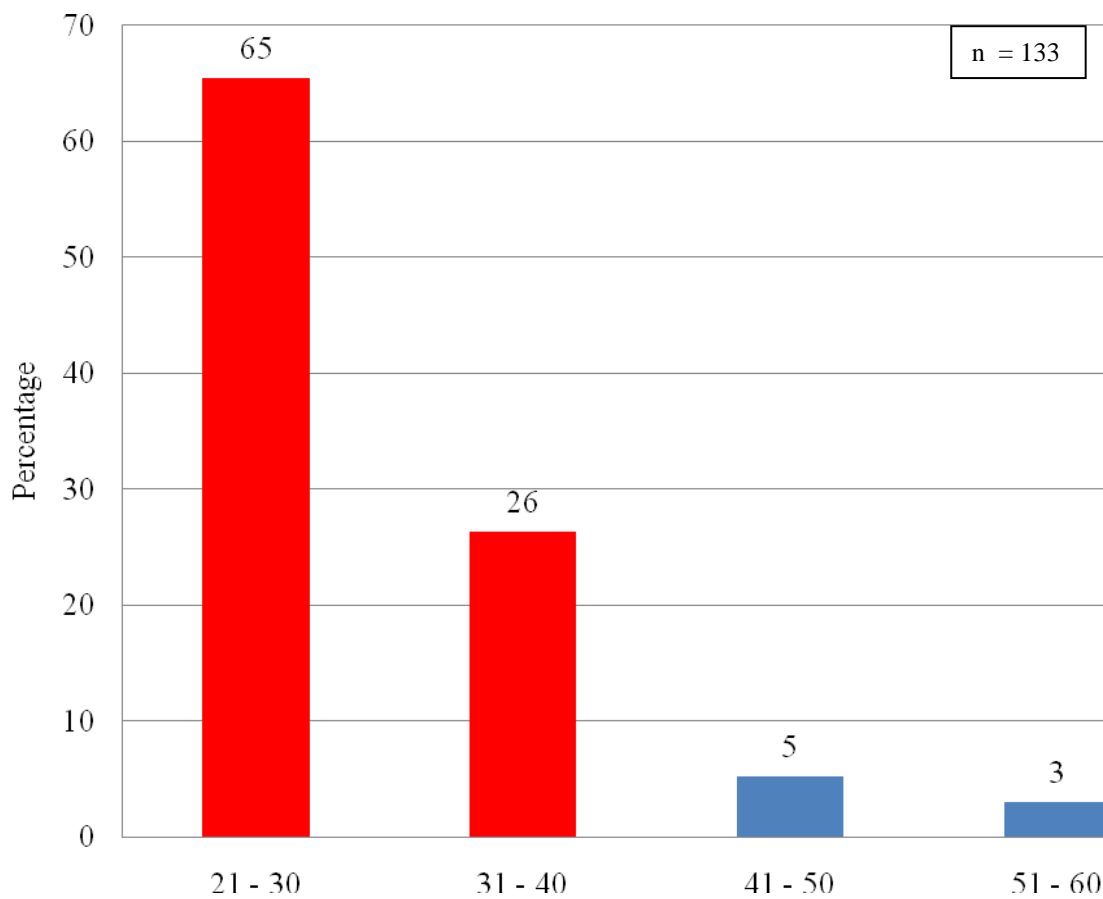


Figure 4.2: Age of respondents

Figure 4.2 shows the split indicates the split between the ages of the respondents. It is evident that younger people (sixty-five percent) were more willing to participate in this study. This indicates that ages 41-60 were relatively untapped.

### 2.2.3 Race

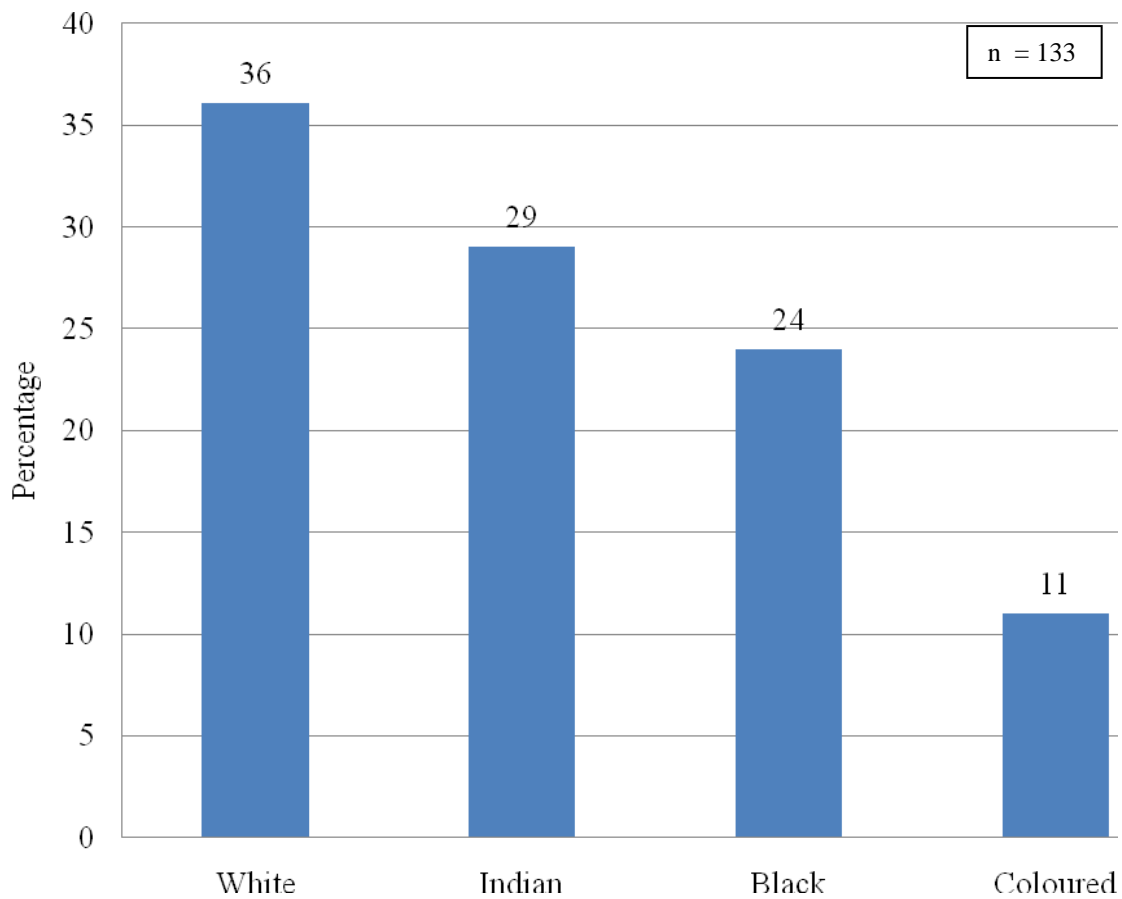


Figure 4.3: Race of respondents

Figure 4.3 indicates the race groups of the respondents. The Figure is fairly consistent with the demographics of the KZN / Durban population, however, blacks were not interested in participating.



#### 4.2.4 Level of Employment

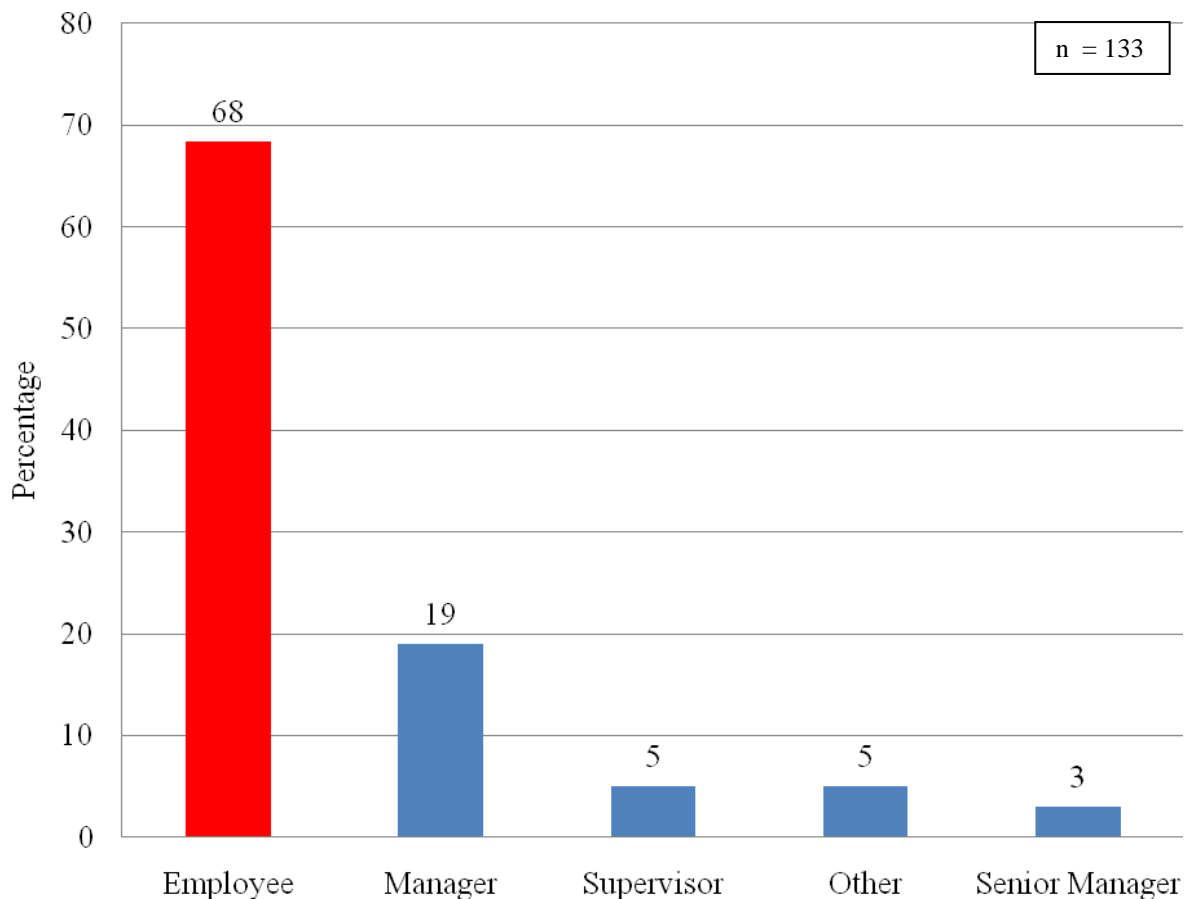


Figure 4.4: Employment category of respondents

Initially the question asked was the income of the respondents but very few respondents were willing to disclose their income bracket. Therefore employment category was selected. The ratio between employee (sixty-eight percent) and managerial positions (thirty-two percent) were representative to most business structures. It was also found that certain respondents were unsure of their position being managerial or not.

An assumption was made in terms of what each employment category would earn. This assumption was critical to make as the degree of change between the affluent and less affluent segments needed to be determined.

### 4.3 Frequency Statistics.

#### 4.3.1 How often do respondents buy clothing

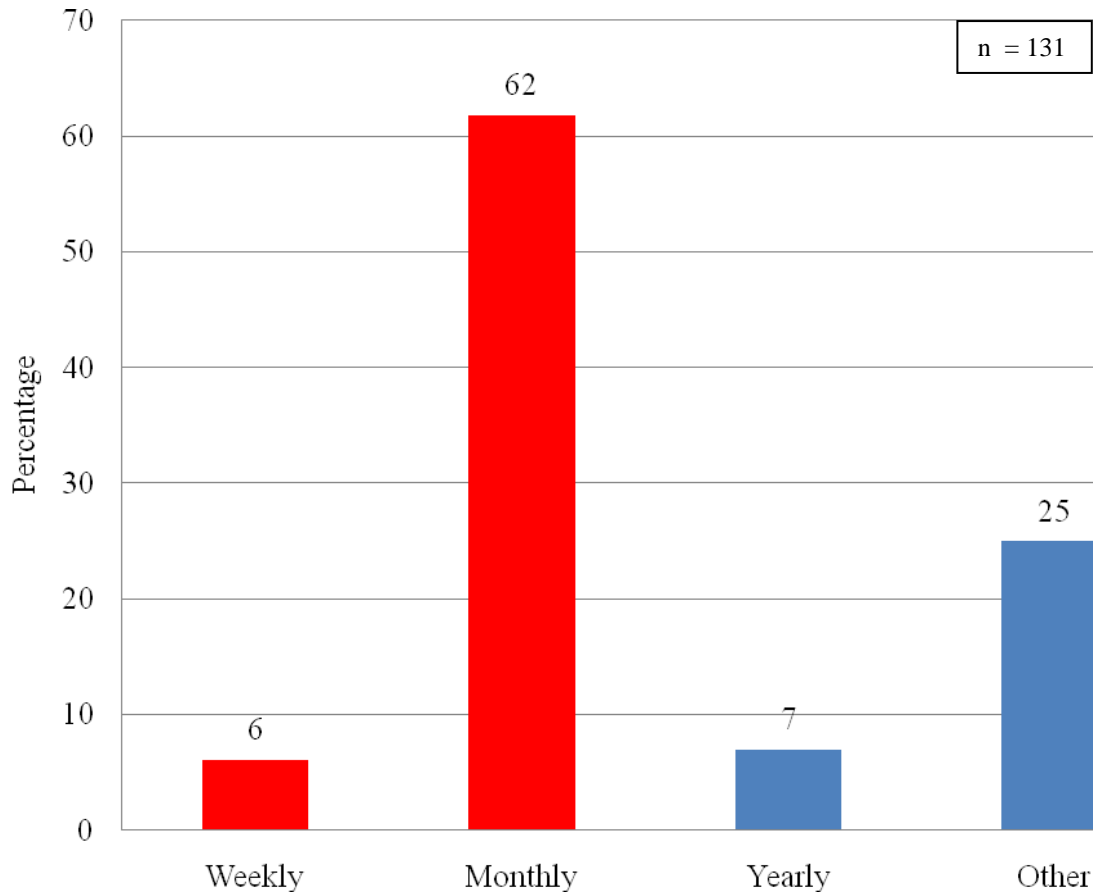


Figure 4.5: How often do respondents buy clothing

Sixty-two percent of the respondents indicated that they purchased clothing monthly with twenty-five percent selecting other as an option. The option of other represented quarterly or seasonal buying patterns. The research also exposed the respondents shopping patterns in this question. Most retailers change window and in store displays on a weekly basis. Figure 4.5 poses the question whether the weekly change is necessary since the majority of the respondents shop monthly for clothing. If the financial situation of consumers don't improve and inflation climbs higher this Figure will change indicating consumers shopping less often than indicated.

#### 4.3.2 How often do respondents shop at Mr Price

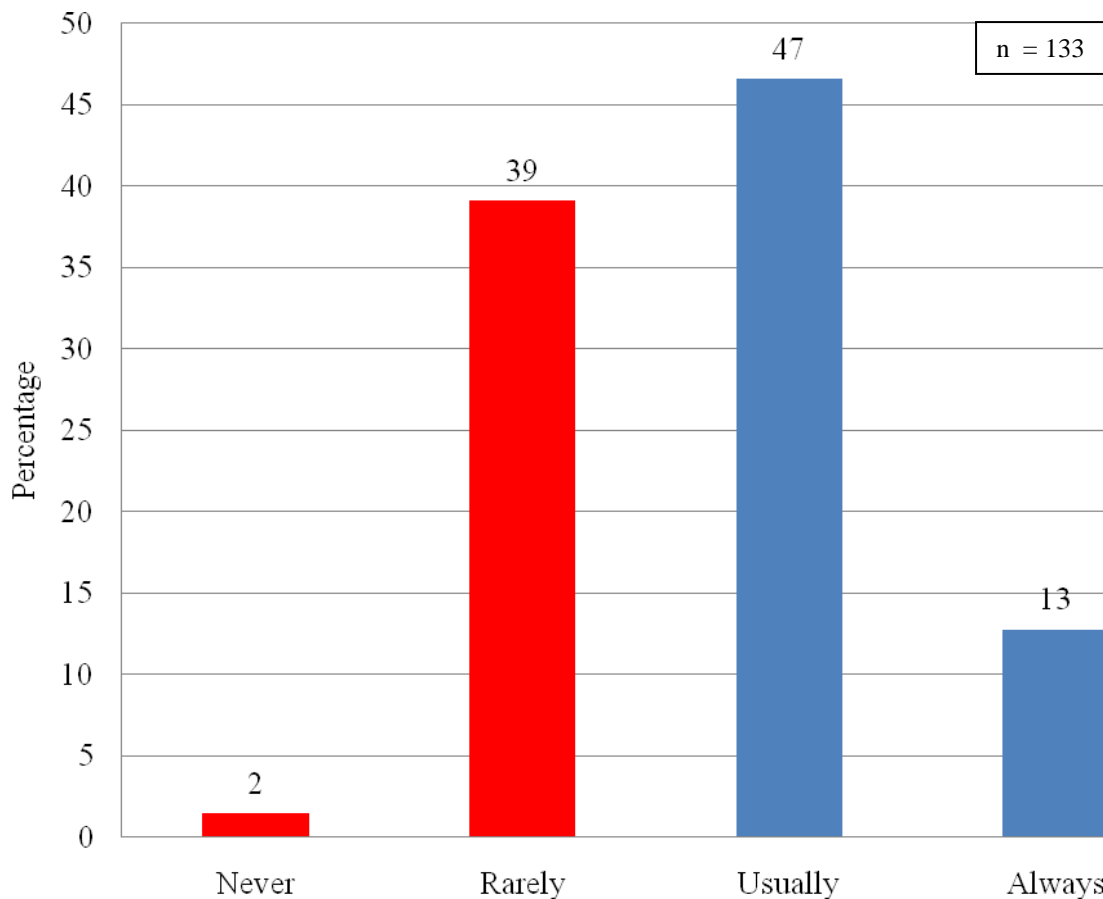


Figure 4.6: How often do respondents shop at Mr Price

Respondent's feedback showed that only two percent of the sample never shopped at Mr Price clothing. Forty-seven percent indicated that they usually do shop at Mr Price clothing and thirty-nine percent rarely frequent Mr Price clothing stores. This means that sixty percent of all the respondents shop regularly at Mr Price clothing. The thirty nine percent that stated that they rarely frequent Mr Price clothing stores are the potential new customers, especially as the economy declines. This Figure supports the fact that Mr Price is the choice retailer with sixty percent of the respondents already shopping in these stores and that this retailer is in the ideal position to capitalise on a further thirty nine percent who will be forced due to financial restrictions.

### 4.3.3 Value for money

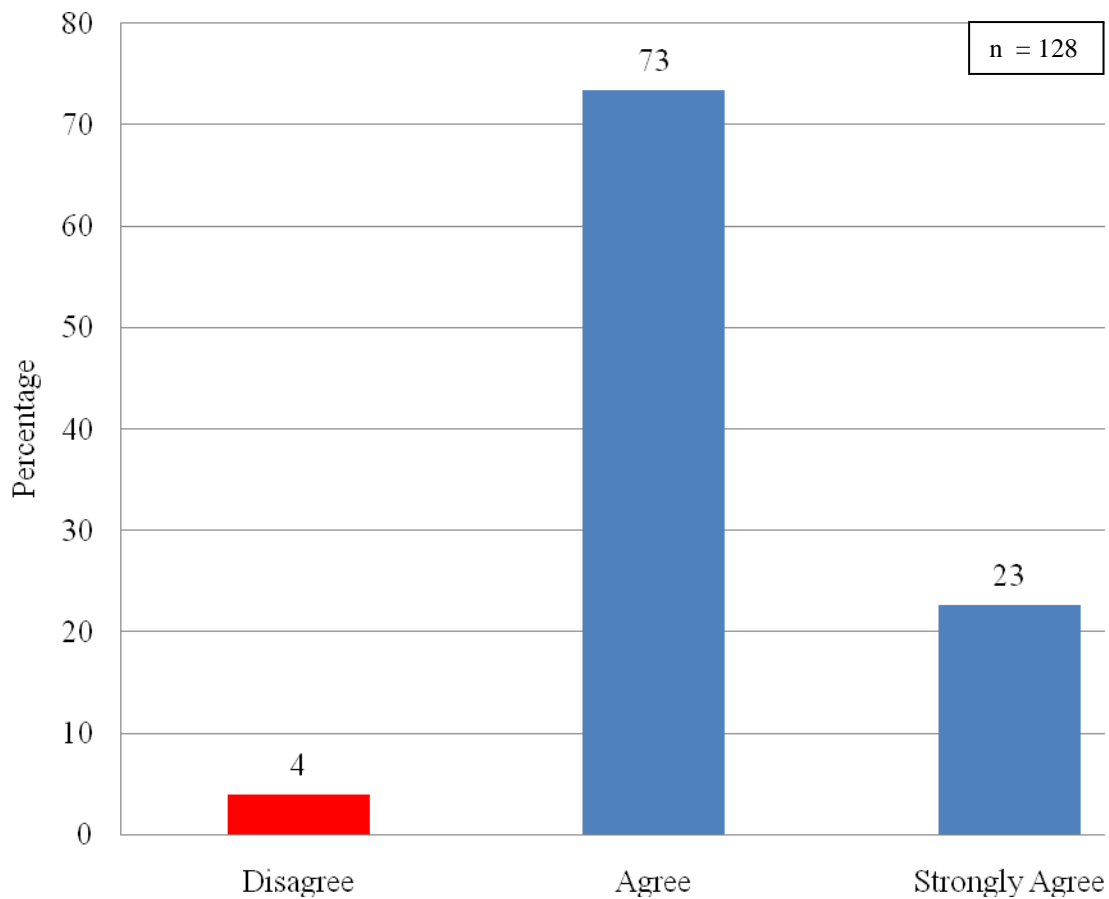


Figure 4.7: Mr Price offer value for money

The majority of seventy-three percent agreed, with twenty-three percent strongly agreeing with the statement while only four percent disagreed. The question was specifically based on determining whether Mr Price clothing was the retailer that offered value for money. The ninety six percent response from the respondents was a definite confirmation that they are. This also indicates that Mr Price clothing has positioned their business in the exact place in the market for any economic situation, but especially in difficult ones.

#### 4.3.4 Product quality

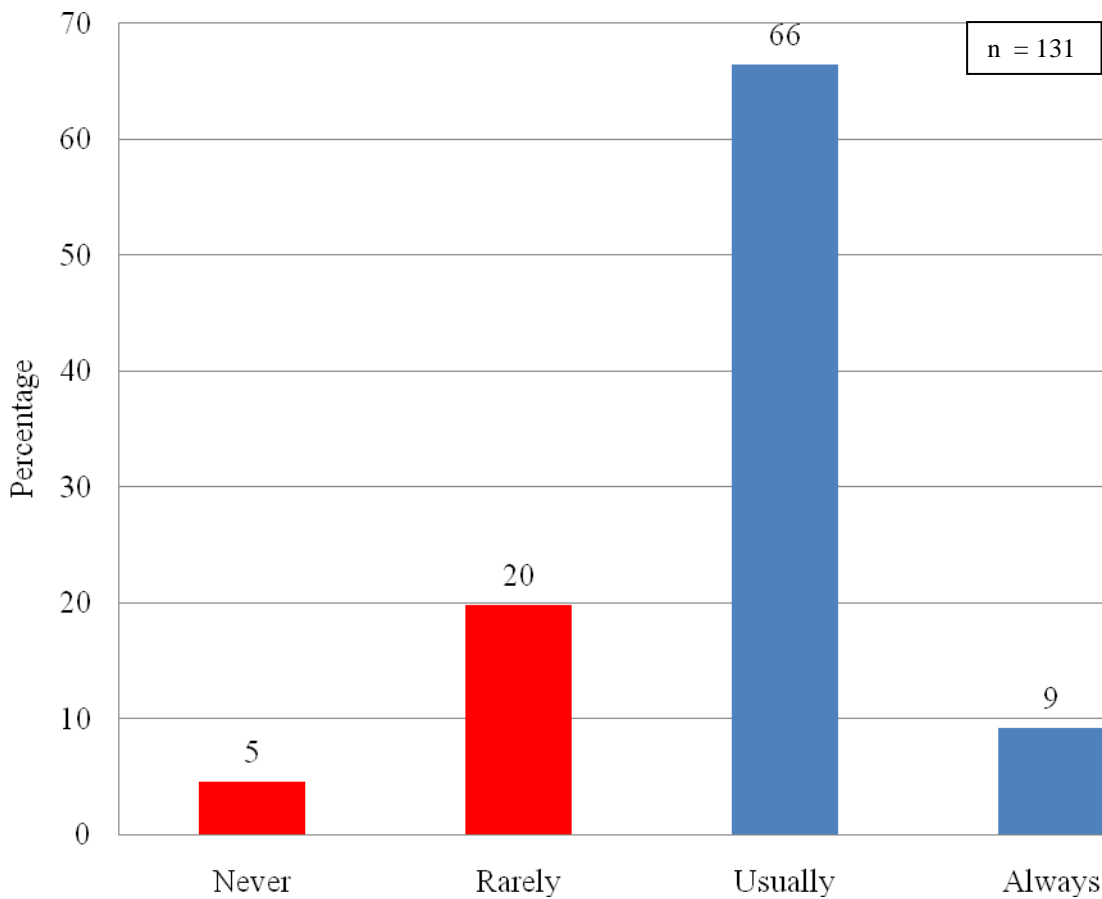


Figure 4.8: Mr Price offers quality items

It was clearly apparent from Figure 4.8 that in total seventy-five percent of the respondents felt that Mr Price offered quality items against the twenty percent who felt that the company rarely offered quality items and five percent felt Mr Price never offers quality items. This was a very important question since Mr Price is known as a value retailer. The research has confirmed that the retailer does offer value for money, but this never confirmed whether the retailer's products were of some quality or not. This question confirmed that Mr Price clothing does offer items of quality.

#### 4.3.5 Choice of style

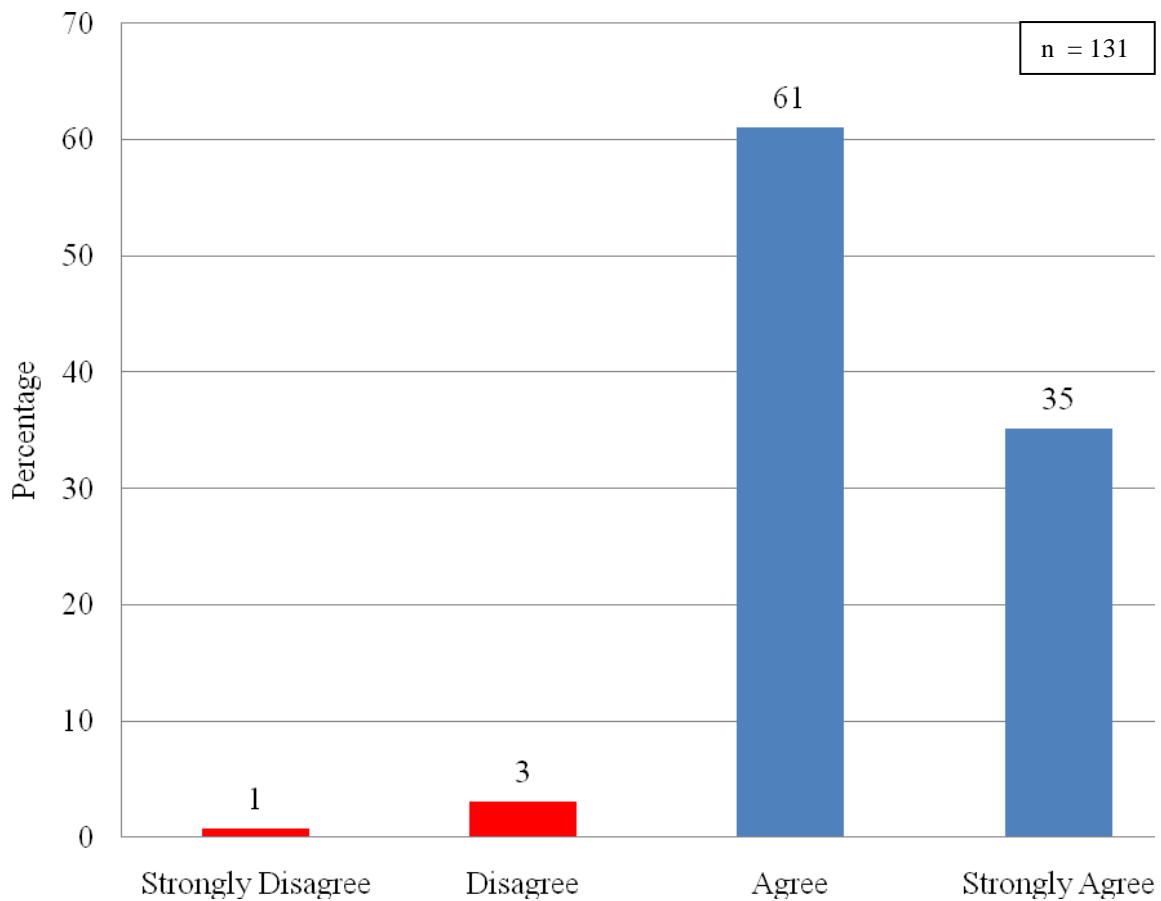


Figure 4.9: Mr Price offers choice of style

Sixty-one percent agreed and thirty-five percent strongly agreed, indicating ninety-six percent of all the respondents stated that Mr Price clothing offers choice of style in their stores. The results in Figure 4.9 are surprising considering that only sixty percent of all the respondents frequent Mr Price stores on a regular basis, yet ninety-six percent of these respondents were in agreement that the retailer does offer choice of style. This indicates that the other forty percent are very aware of the offering in Mr Price's.

#### 4.3.6 What type of clothing do you purchase the most

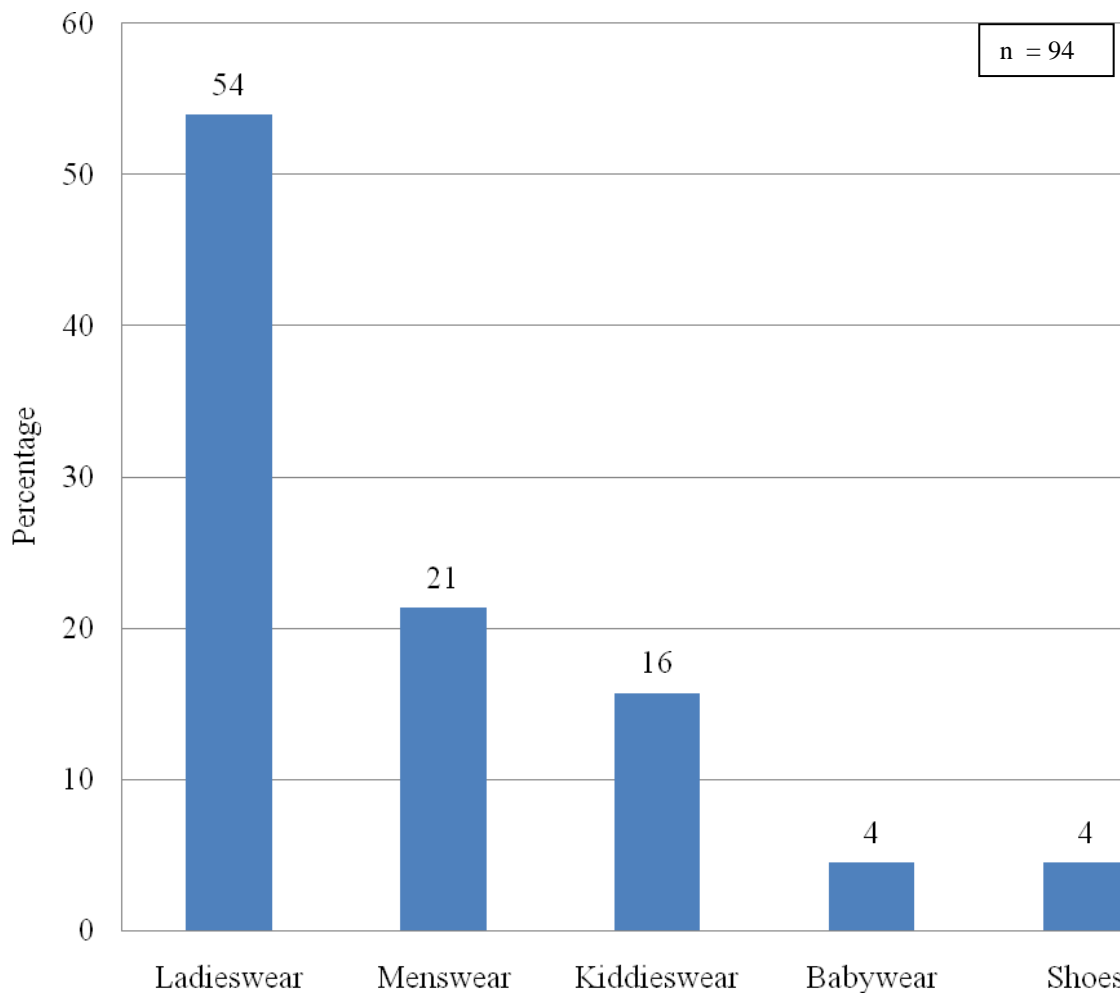


Figure 4.10: What type of clothing do you purchase the most

Figure 4.10 indicates ladieswear as being the first choice with fifty-four percent and menswear being twenty-one percent. Shoes and babywear were the least purchased categories of clothing. (Four percent) Ladieswear is in the majority because females (seventy-six percent) were the majority of the respondents. Surprising was the low percentage of babywear purchased considering that the 21-30 age group was sixty-six percent.

#### 4.3.7 How often do you purchase from other clothing retailers

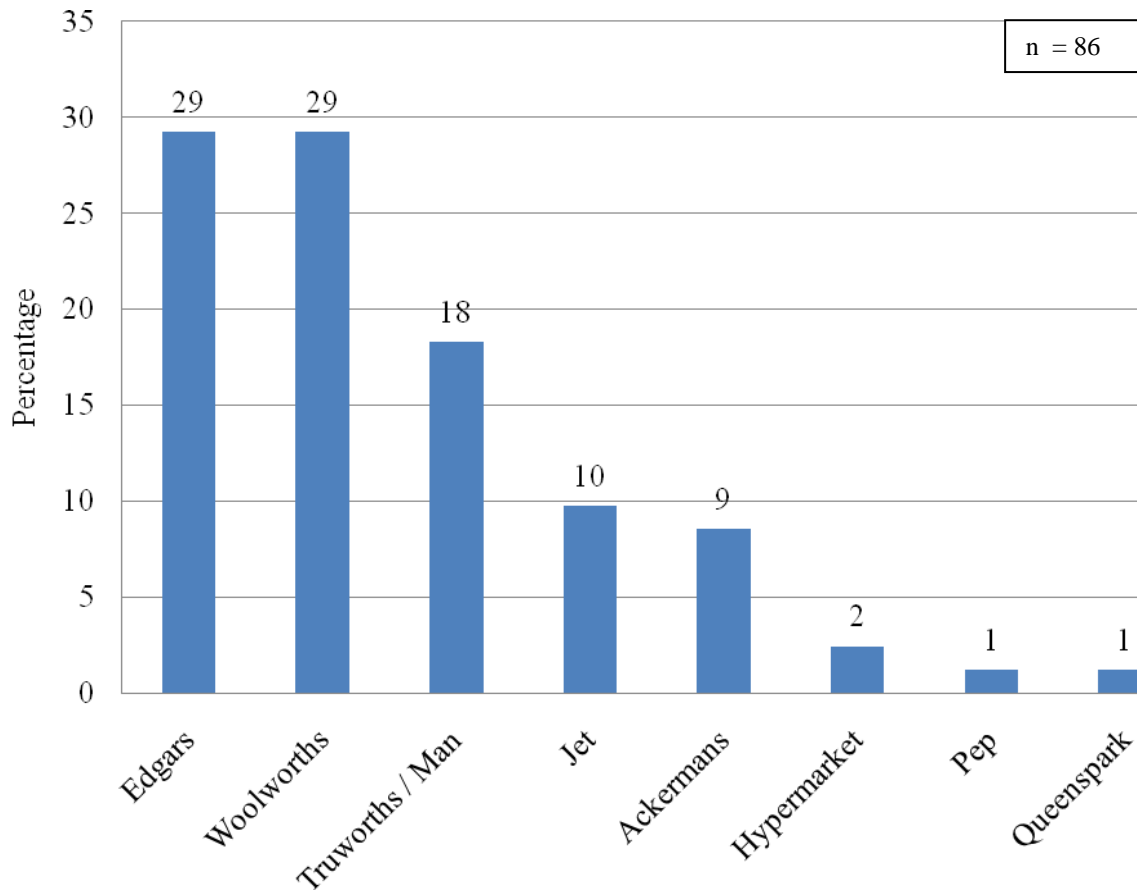


Figure 4.11: How often do you purchase from other clothing retailers

Both Woolworths and Edgars were the most often visited with twenty-nine percent. Queenspark and Pep being the least visited with one percent respectively. It is evident that the higher priced retailers were first choice. It is interesting responses considering that the data collected indicated such a large percentage of the respondents felt that the retailer by choice, namely Mr Price offered value for money items that were quality and a large choice of styles available. Figure 4.11 indicates the purposely selected retailers which excluded Mr Price. By all means the results should have indicated the value retailers as the most frequented stores such as Ackermans, Jet and Pep opposed to the higher retailers such as Woolworths and Edgars.



#### 4.3.8 Factors of preference

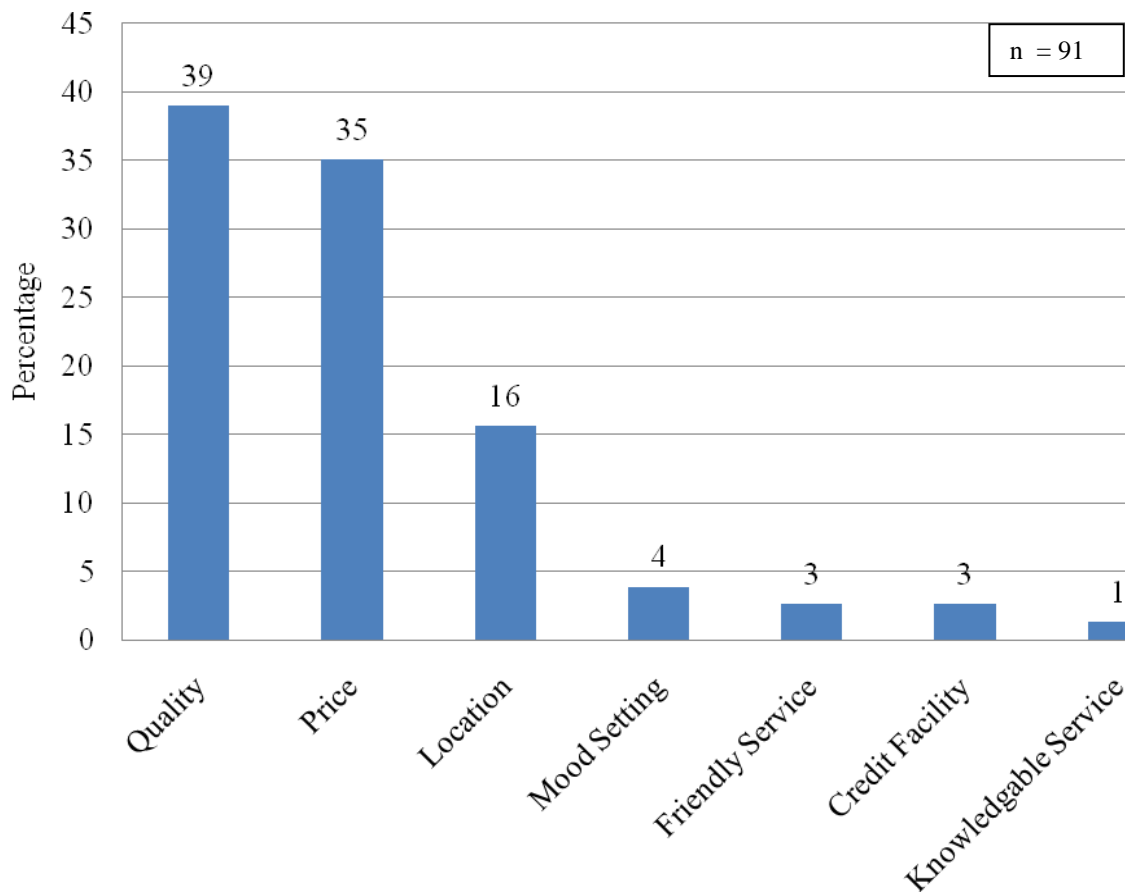


Figure 4.12: What determines where you purchase clothing the most

Quality with thirty-nine percent and price at thirty-five percent were the biggest factors that determined where respondents shopped. Location was sixteen percent signifying some emphasize. The third factor friendly and knowledgeable service was the least concerned with credit facilities also not being much of a factor. This supports the fact that respondents are looking for value for money. Interesting factors were that opposed to an alternate to shopping at Mr Price, the respondents selected higher priced retailers that offered friendly, knowledgeable service with credit facilities.

#### 4.3.9 Expenditure per month on clothing

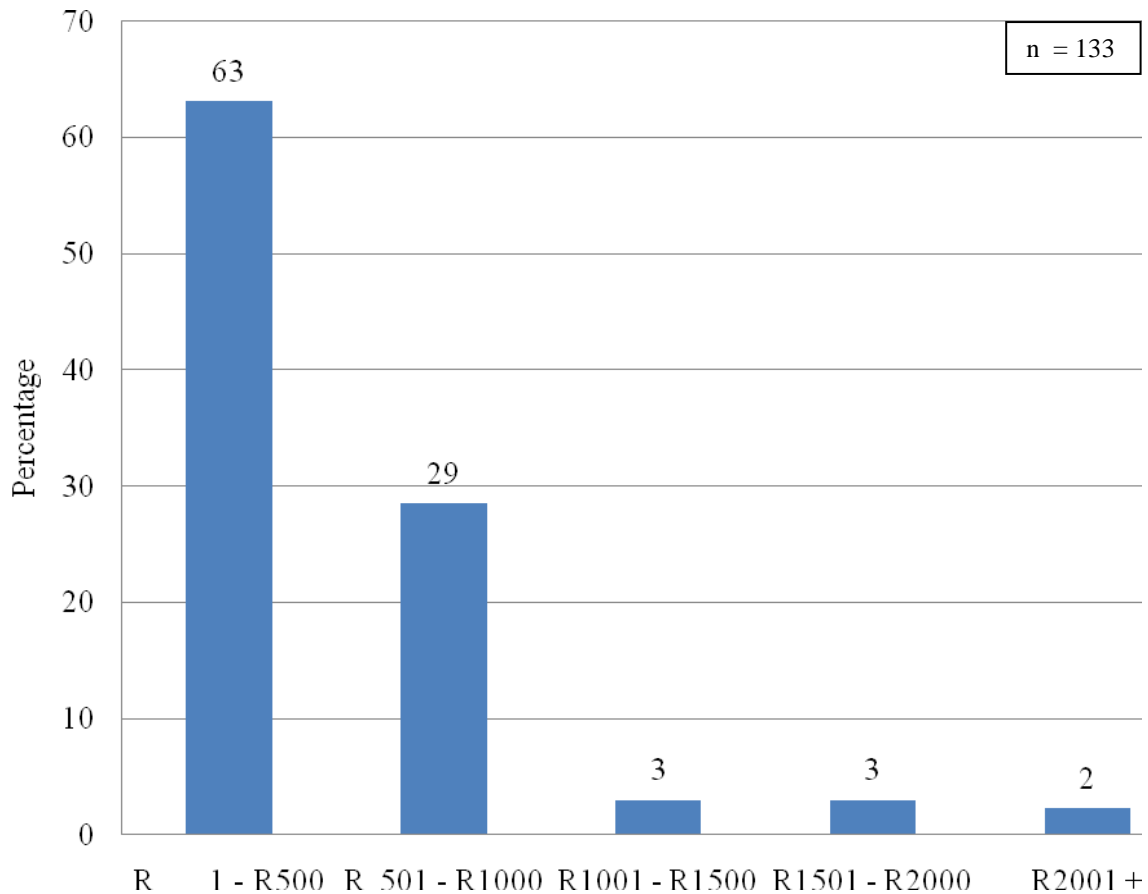


Figure 4.13: How much do you spend on clothing in a month

The majority of sixty-three percent spent R1 – R500 per month, followed by twenty-nine percent who spent R501 – R1000. Only a minority of eight percent spent more than R1000 per month on clothing. The low rand value indicated in Figure 4.13 points out the need for respondents to purchase value for money clothing items that suit their “pocket.” The data collection however did not determine whether the amount spent was on credit or cash purchases.

#### 4.3.10 Amount spent in Mr Price

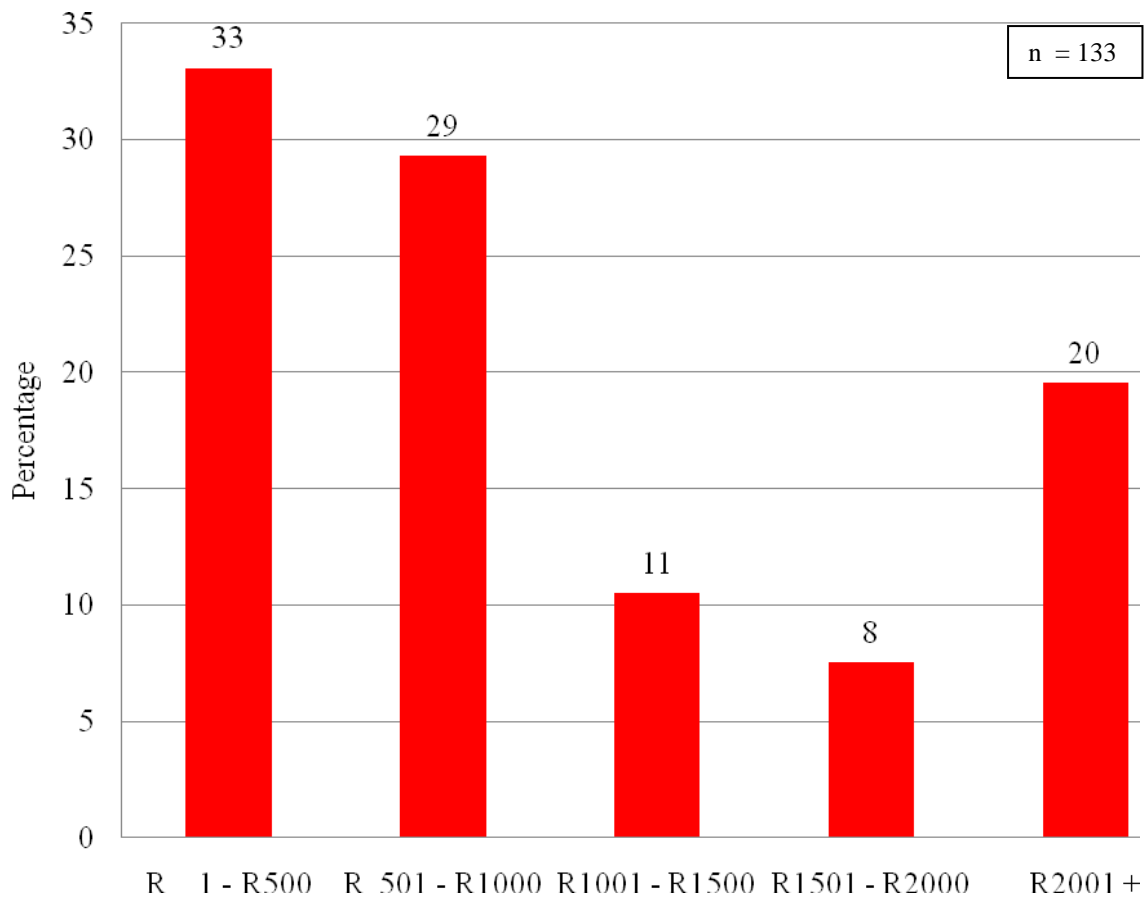


Figure 4.14: How much did you spend at Mr Price clothing last year

Sixty-two percent of the respondents spent up to R1000 a year in Mr Price clothing stores. Twenty percent spent more than R2000 a year. Figure 4.14 indicates that the respondents did not purchase much at Mr Price clothing in a year, even though Mr Price has been identified as choice retailer for value and quality. The results in this Figure indicate differently than expected. Due to the financial strain consumer's have less disposable cash and would need to find alternatives to their normal shopping patterns and items being purchased. It was therefore not the results expected with such a low percentage of twenty percent of the respondents having spent more than R2000 in twelve months, especially since between R1-R1000 is spent a month on clothing by the same respondents.

#### 4.3.11 Influence of advertising

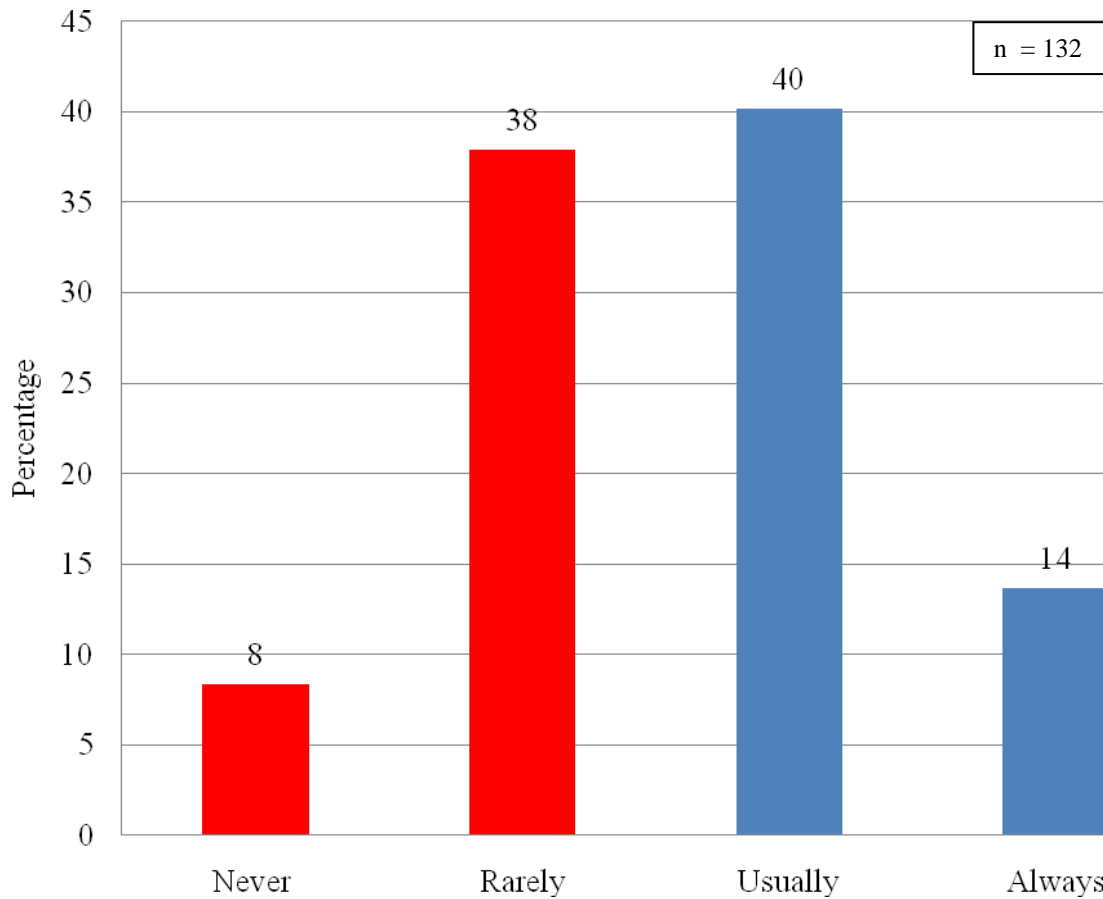


Figure 4.15: Does advertising influence where you shop

Figure 4.15 illustrates that marketing within the clothing sector would be beneficial. With only eight percent indicating that advertising doesn't influence where they shop. The results show fifty-four percent of the respondents have stated that they are influenced by advertising and thirty-eight percent said that they are rarely influenced. Some of the rarely influenced respondents have indicated by their response that they could be persuaded at times. It could also be noted that the same respondents indicated that they were not prominently brand conscious which supports the even split with a high thirty eight percent indicating that they rarely are influenced by advertising.

#### 4.3.12 Influence of brands

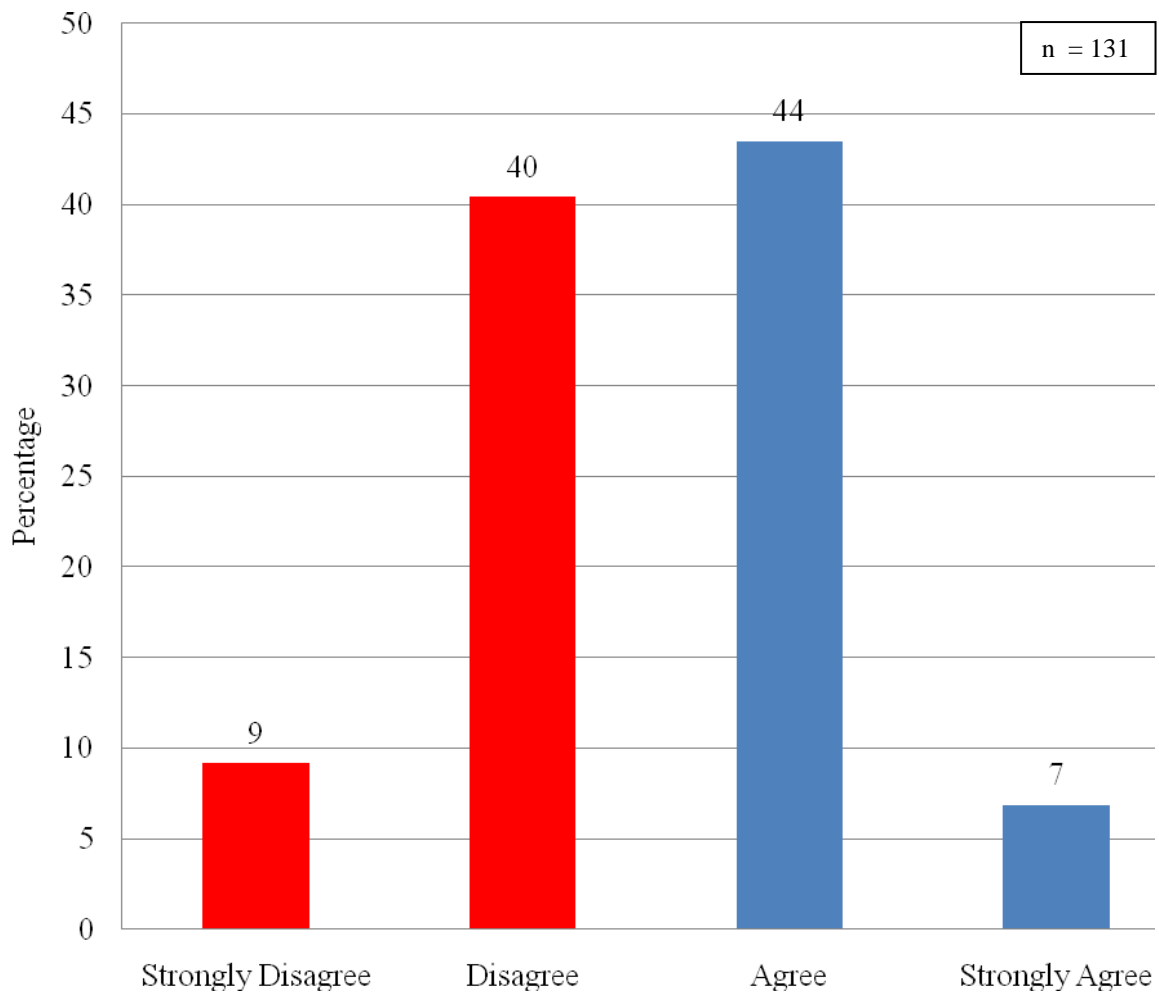


Figure 4.16: Brands influence my purchase of clothing

The marketing investment is in the billions of Rands in South Africa alone, which reiterates the fact that sellers invest in advertising to ensure that their brand is known and represents a certain segment within the clothing industry. The results in Figure 4.16 is therefore interesting as no evidence of advantage is shown between branded items versus house brands of clothing. The even split indicates that consumers are not between minds about being brand conscious within the clothing industry in Durban. This supports the even split between sellers advertising their products as well, as the split is relatively even in these consumers being brand conscious.

#### 4.3.13 Shift from higher to lower priced retailers

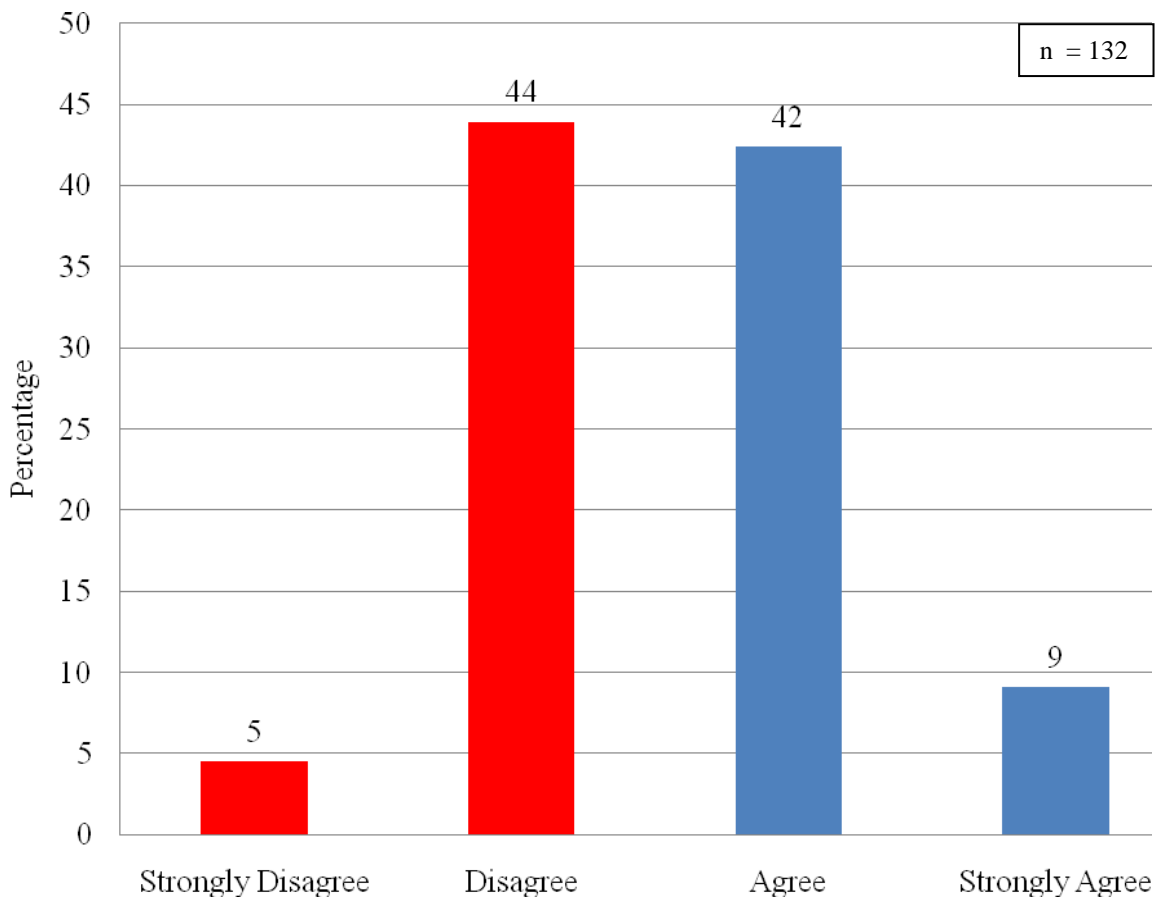


Figure 4.17: As a result of the difficult economic climate, I have changed from high to lower priced clothing stores

Forty-two percent of the respondents agreed and nine percent strongly agreed while forty-four percent disagreed and five percent strongly disagreed. That results in Fifty-two percent agreeing and forty-eight percent disagreeing. This provides evidence that fifty-two percent of the respondents have changed their shopping pattern due to the difficult financial situation they find themselves currently in due to the recession. The research didn't determine the percentage from the forty-eight percent that did not have to change their shopping pattern as they were already shopping for value. The fifty-two percent are the confirmed shoppers that have begun to shop for more value for money clothing items.

#### 4.3.14 Price conscious

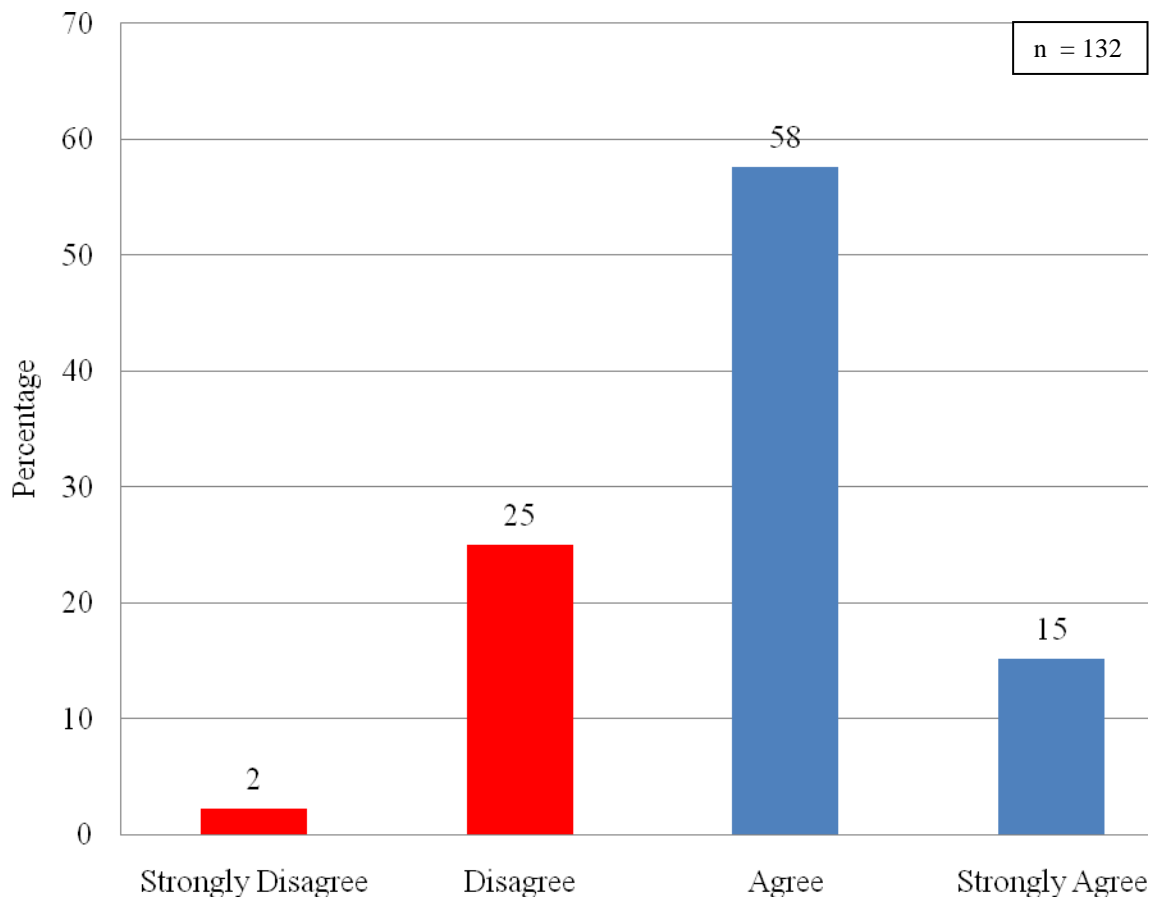


Figure 4.18: I have become more clothing price conscious now opposed to a year ago

Seventy-three percent of the respondents indicated that they have become more price conscious. Twenty-seven percent disagreed. This would signify Mr Price in the ideal positioning within the clothing industry as they are known as a value retailer, offering value for money. This also reiterates the fifty-two percent shift in shopping patterns. Figure 4.18 also supports the notion that when times become tough price becomes more of a focal point.

#### 4.3.15 Selective spending

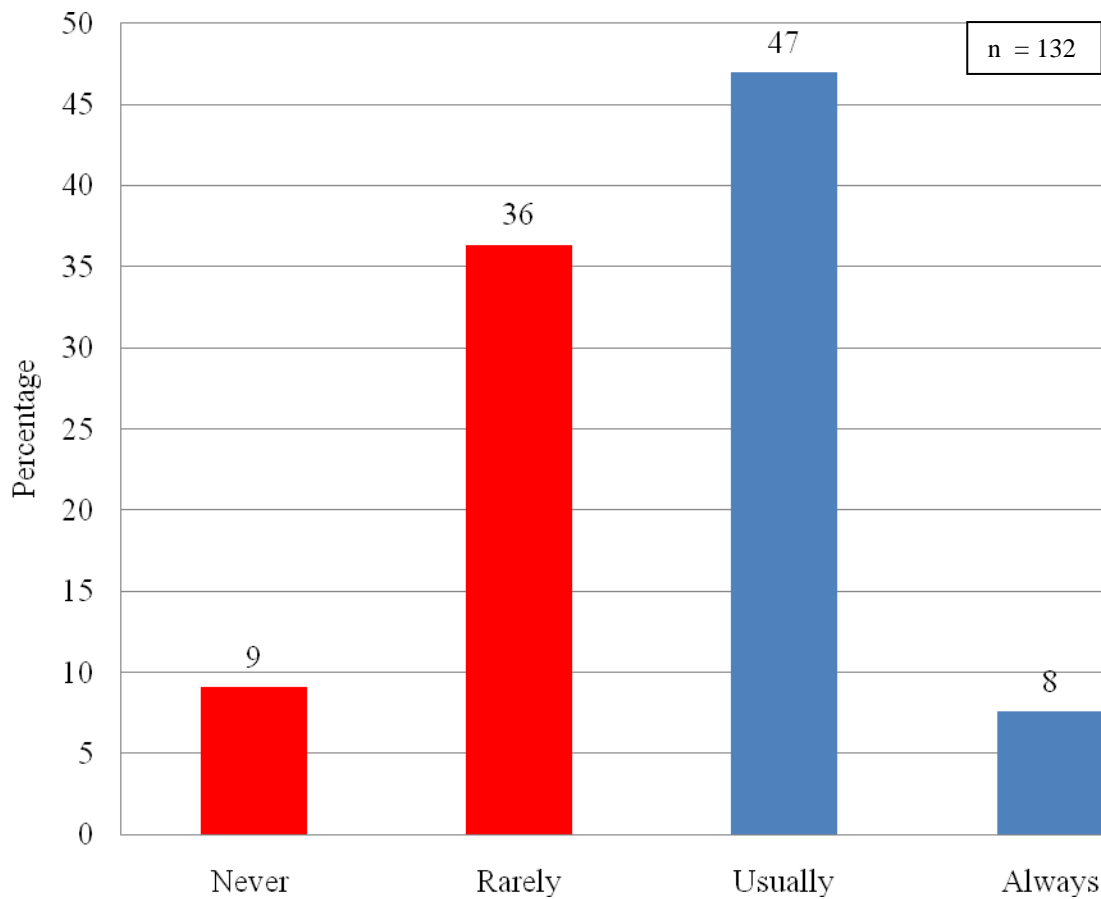


Figure 4.19: I find that I save on one item to spend more on another

The results show that forty-seven percent usually compromise on one item to be substituted in order to get another item which could result in a more expensive option. Thirty-six percent stated that they rarely did so. The percentages are relatively high which means that most of the respondents are willing to use substitutes and in turn being less brand loyal.



#### 4.3.16 Price versus service

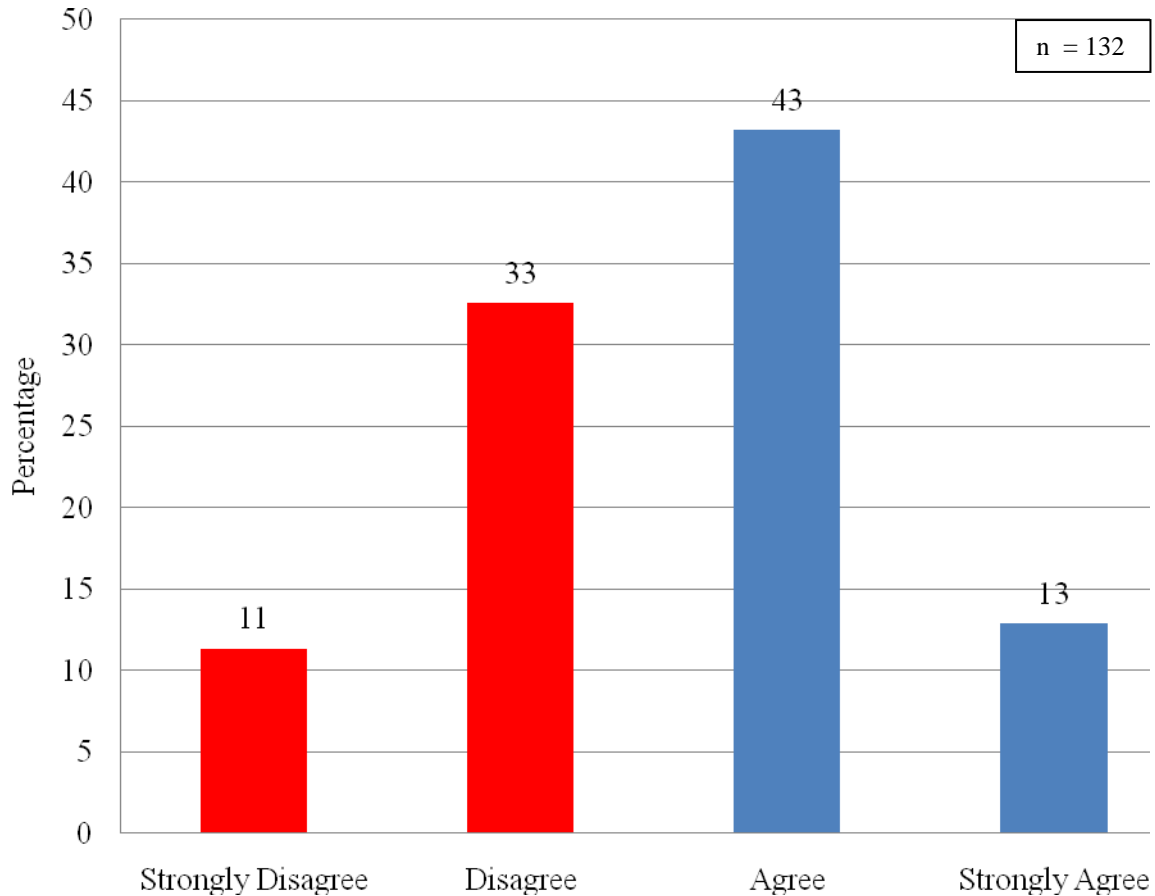


Figure 4.20: Is price more important than service

Fifty-six percent of the respondents agreed with price being more important than service. This supports the previous results that over fifty percent of the respondents have changed their shopping patterns and that fifty-two percent have changed from purchasing at high to lower priced retailers. Figure 4.20 supports the view that price becomes fundamentally critical and beneficial for retailers during trying times. This would therefore be very beneficial to Mr Price as their business is price focused.

#### 4.3.17 Brand loyal

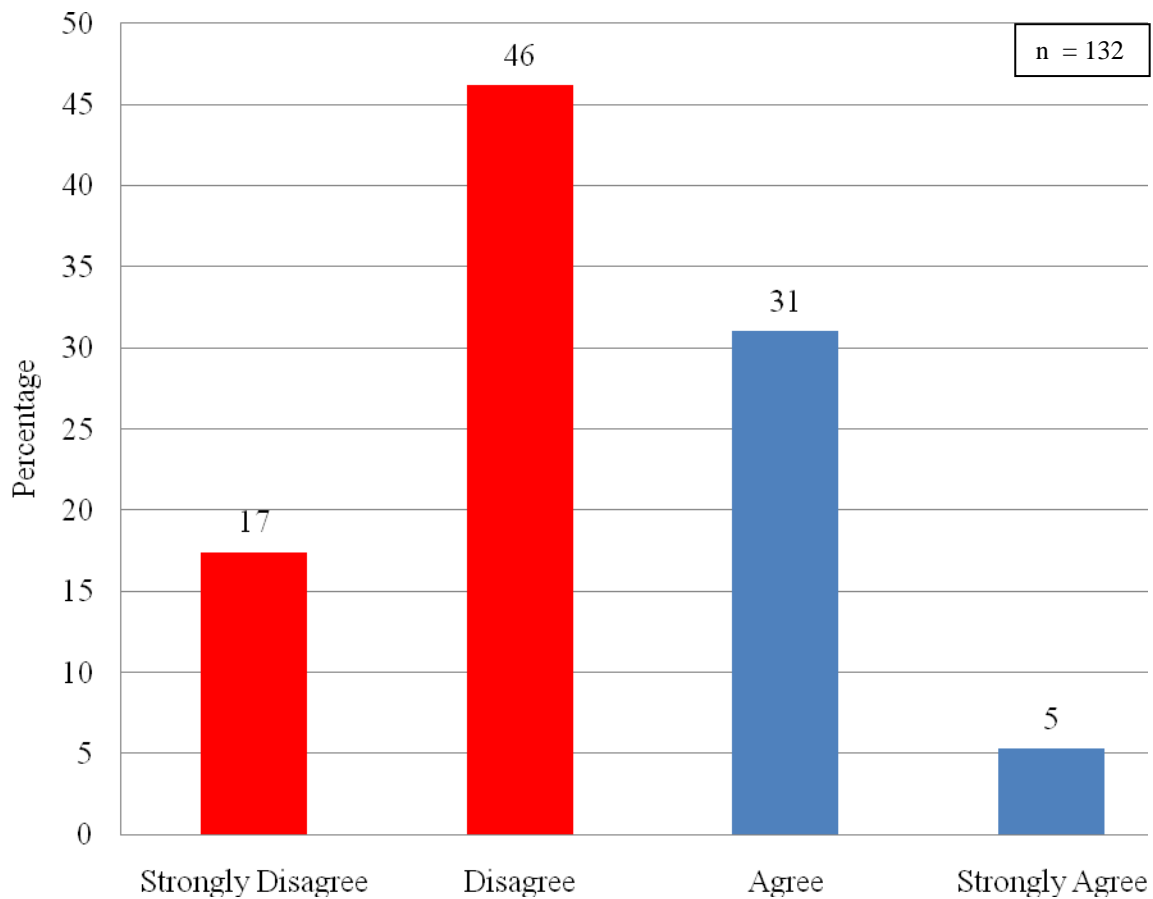


Figure 4.21: I am very brand loyal

The respondents indicated that sixty-three percent were not brand conscious while thirty-six percent agreed to being brand loyal. The significant high percent not being brand loyal would indicate the respondents to be more focused on value, style and choice. This questions the buying pattern of the respondents that suggested that they never changed their shopping pattern from high to lower priced retailers (forty-nine percent) These are all strengths of Mr Price clothing.

#### 4.3.18 Decreased shopping due to recession

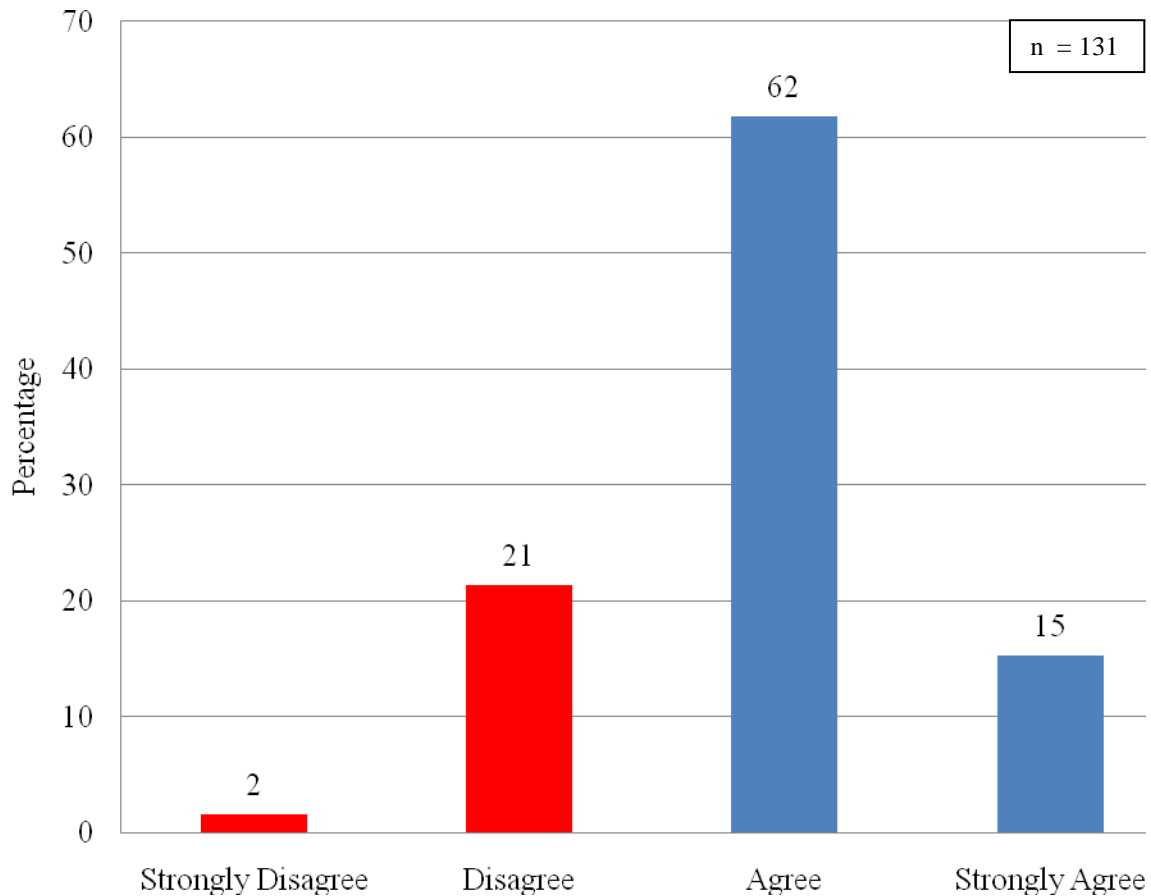


Figure 4.22: As a result of the economic crisis I buy less clothing than I normally would

Seventy-seven percent of the respondents have agreed to purchasing less clothing now than previously while twenty-three percent disagreed. Whilst they haven't changed where they buy, respondents are buying less. This supports the notion proved previously that price is more important than service and that price and quality are the essentials that the respondents request.

#### 4.3.19 Which shop is currently frequented the most

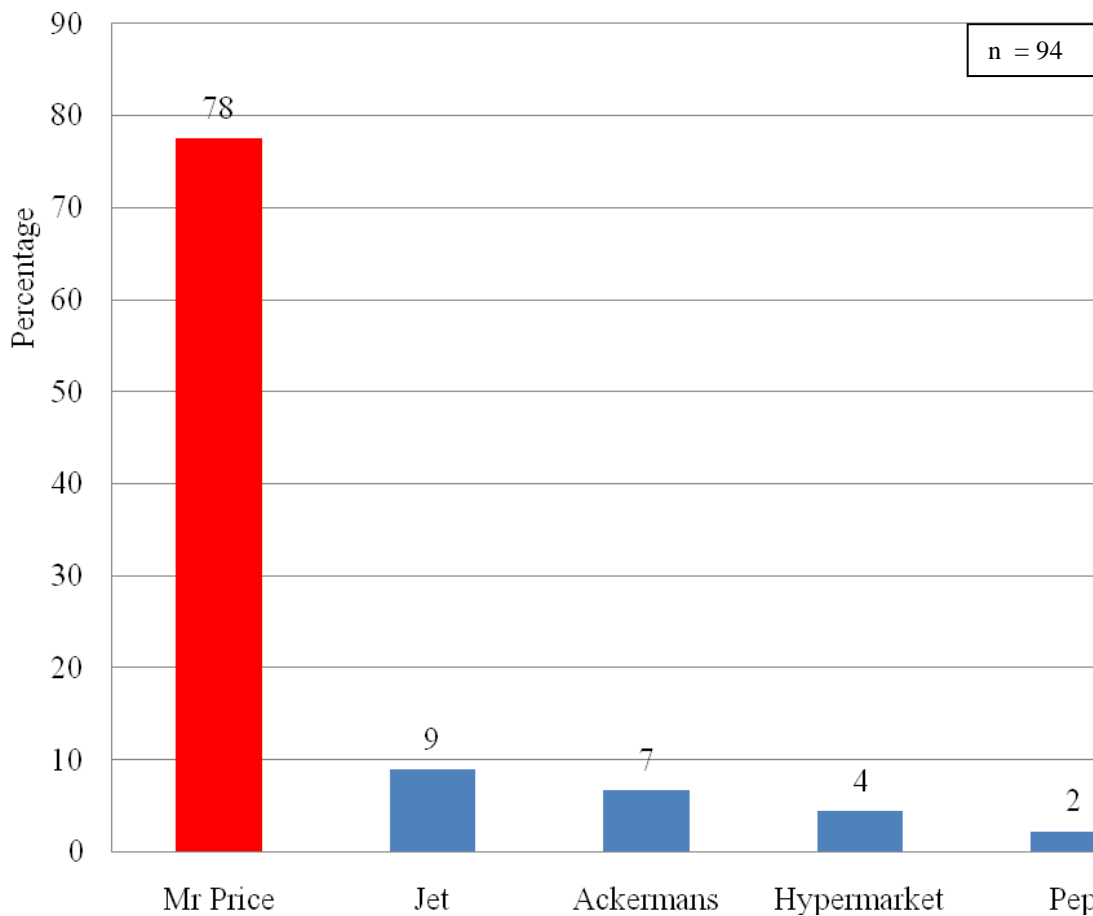


Figure 4.23: Which stores are you shopping at regularly, as opposed to before the recession?

Mr Price was the highest with seventy-eight percent and the other retailers were all below ten percent. This highlights just how many consumers have changed to shopping at Mr Price clothing. Figure 4.23 highlights the value retailers opposed to any high priced retailers and clearly Mr Price is first choice amongst competitors.

#### 4.3.20 Frequent Mr Price more often

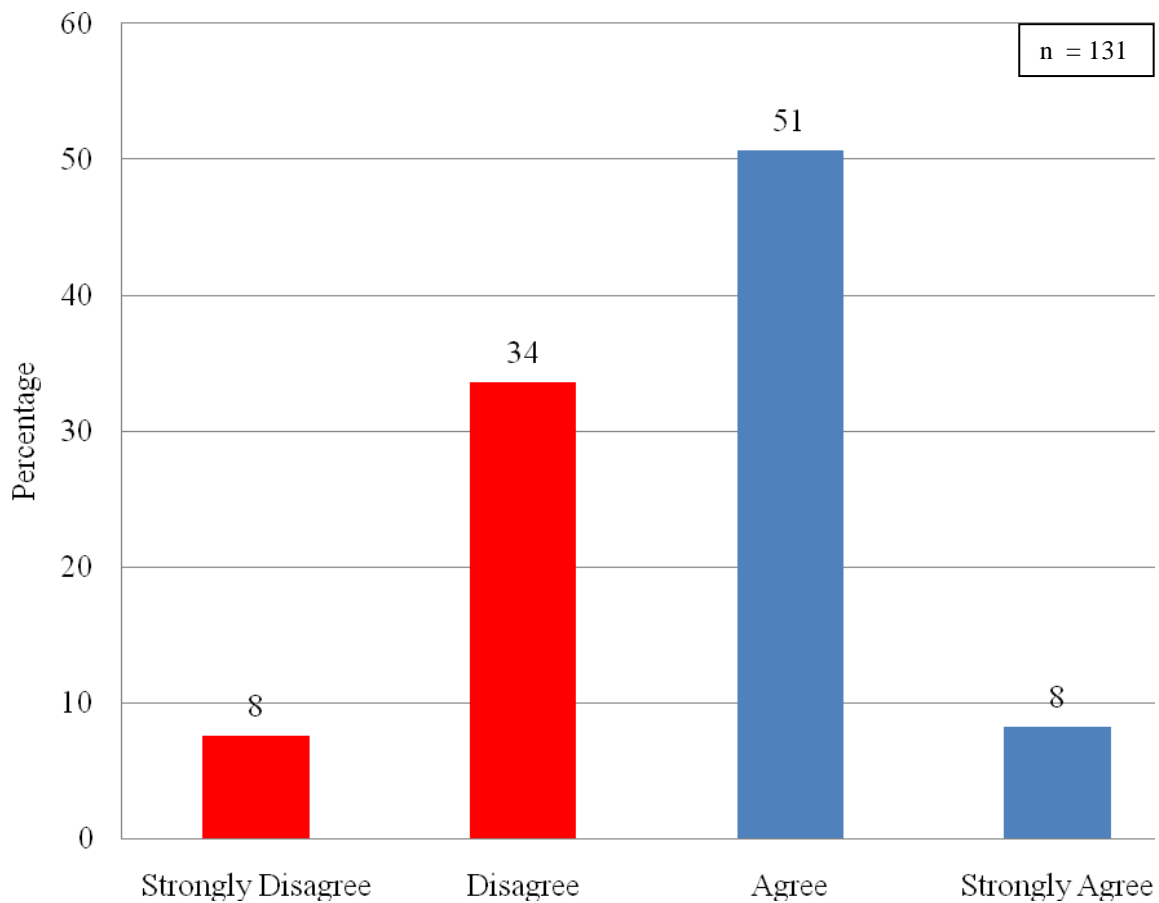


Figure 4.24: The current economic conditions have encouraged me to shop more often at Mr Price

Fifty-nine percent of the respondents agreed and forty-one percent disagreed. Figure 4.24 summarises the fact that Mr Price clothing is the choice retailer which offers all the required factors to attract consumers, such as value for money, quality and choice of style. The research has also lead to indicate that seventy eight percent of the respondents have shifted their shopping pattern and selected Mr Price opposed to any other retailer.

#### 4.3.21 Retain new consumers

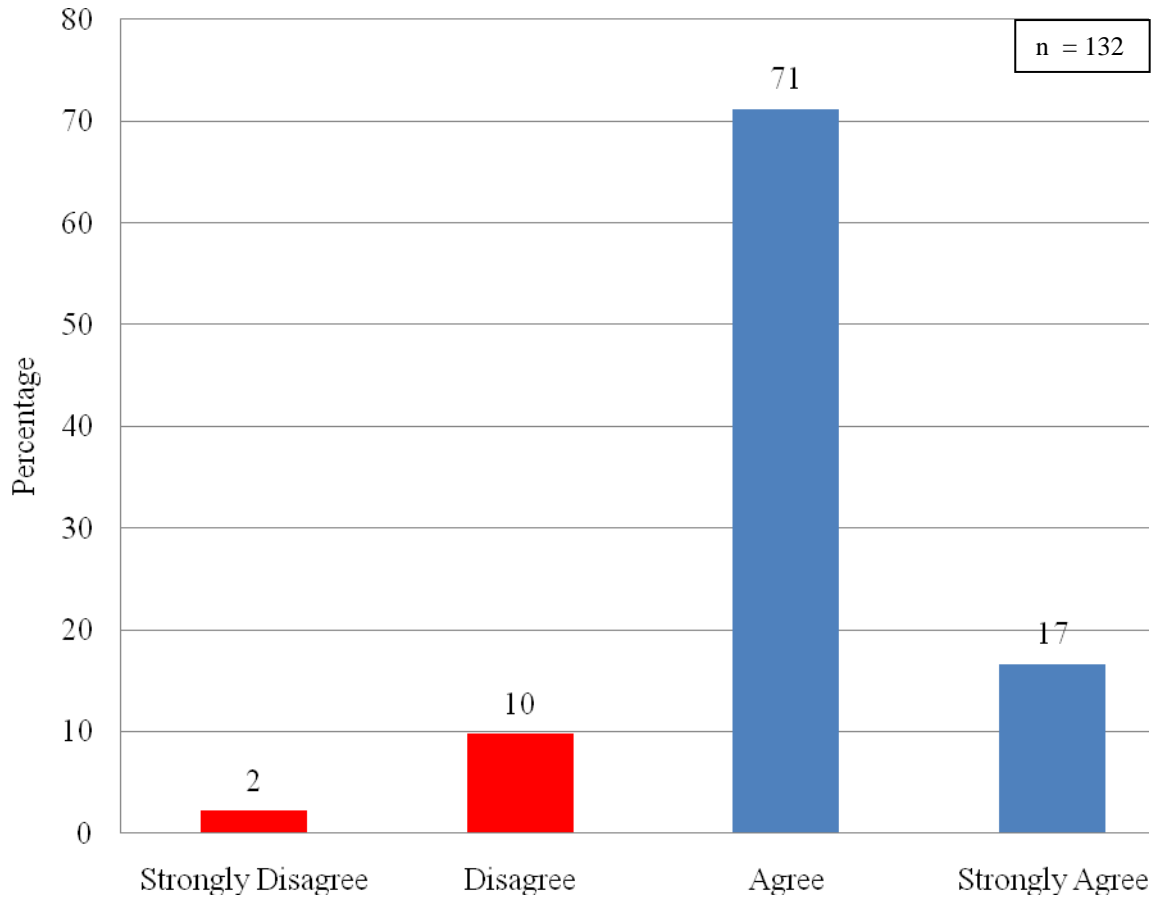


Figure 4.25: Will you continue to frequent the Mr Price clothing stores even once the financial conditions improve

Figure 4.25 indicates eighty-eight percent of the respondents agreed while twelve percent disagreed. This shows that Mr Price had been able to attract new consumers during difficult economic climates and retain them. This reiterates the strength of the Mr Price brand currently and for the future as to how much stronger the brand will be during easier economic climates.

## Analysis of Results

### 4.4 Inferential Statistics

In order to determine the relevance between the data collated the crosstabulations below will be utilised to distinguish the relevance. The first three Tables will assess the price sensitivity of the respondents by age, race and status to determine whether everyone is effected by the current difficult economic climate or only a selected category of the population.

			Price				Total
			STRONGLY DISAGREE	DISAREE	AGREE	STRONGLY AGREE	
Age	21-30	% within Age	2.3%		58.6%	17.2%	100.0%
	31-40	% within Age	2.9%	26.5%	61.8%	8.8%	100.0%
	41-50	% within Age	.0%	42.9%	28.6%	28.6%	100.0%
	51-60	% within Age	.0%	50.0%	50.0%	.0%	100.0%
Total	% within Age	2.3%	25.0%	57.6%	15.2%	100.0%	

Table: 4.1 Age and Price crosstabulation

Table 4.1 indicates that seventy-three percent of the respondents were more price conscious now as opposed to a year ago. The age groups between 21-30 and 31-40 were the most price sensitive from the total of respondents. The older age groups indicated a similar result with fifty-eight percent of the 41-50 age group being more price conscious and the 51-60 age group showing a fifty percent agreement of becoming more price conscious now. This supports the fact that consumers are becoming more price conscious as a result of the recession and that it affects their shopping patterns.

			Price				Total
			STRONGLY DISAGREE	DISAREE	AGREE	STRONGLY AGREE	
Race	WHITE	% within Race	4.2%	37.5%	47.9%	10.4%	100.0%
	INDIAN	% within Race	2.6%	15.8%	68.4%	13.2%	100.0%
	COLOURED	% within Race	.0%	6.7%	60.0%	33.3%	100.0%
	BLACK	% within Race	.0%	25.8%	58.1%	16.1%	100.0%
Total		% within Race	2.3%	25.0%	57.6%	15.2%	100.0%

Table: 4.2 Race and Price crosstabulation

Table 4.2. shows the data on the race category of the respondents that were more price conscious now as opposed to a year ago. White people were fifty-eight percent more price conscious, while Indian people were eighty-one percent, Black people seventy-four percent and Coloured people were ninety-three percent more price sensitive. This table proves that all race groups were affected by the downfall of the economy.

			Price				Total
			STRONGLY DISAGREE	DISAREE	AGREE	STRONGLY AGREE	
Status	EMPLOYEE	% within Status	3.3%	23.1%	60.4%	13.2%	100.0%
	SUPERVISOR	% within Status	.0%	16.7%	33.3%	50.0%	100.0%
	MANAGEMENT	% within Status	.0%	36.0%	44.0%	20.0%	100.0%
	SENIOR MANAGEMENT	% within Status	.0%	40.0%	60.0%	.0%	100.0%
	OTHER	% within Status	.0%	.0%	100.0%	.0%	100.0%
Total		% within Status	2.3%	25.0%	57.6%	15.2%	100.0%

Table: 4.3 Status and Price crosstabulation

Table 4.3 shows clearly that the lower income respondents were the most price sensitive, with seventy-four percent of employee's stating that they had to cut back on purchasing clothing as a result of the tough economic situation. The supervisor status indicated eighty-three percent while management status showed between sixty and sixty-four percent of being more price conscious. It can be seen from Table's 4.1, 4.2 and 4.3 that the respondents were price sensitive across all ages, races and statuses. This supports the notion that consumers shopping patterns have changed.



			Less				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Age	21-30	% within Age	.0%	20.0%	64.7%	15.3%	100.0%
	31-40	% within Age	5.7%	22.9%	57.1%	14.3%	100.0%
	41-50	% within Age	.0%	28.6%	42.9%	28.6%	100.0%
	51-60	% within Age	.0%	25.0%	75.0%	.0%	100.0%
Total		% within Age	1.5%	21.4%	61.8%	15.3%	100.0%

Table: 4.4 Age and Less crosstabulation

The next two Tables will determine who reduced their clothing spending as a result of the current economic crisis. Seventy-seven percent of the respondents stated that as a result of the economic crisis they buy less clothing than they normally would. Irrespective of age the total of respondents said that they all purchased less clothing now. With the age groups split between 21-40 and 41-60, it can be determined that seventy-six percent of the younger respondents and seventy-four of the older respondents had reduced their spending on clothing.

			Less				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Race	WHITE	% within Race	2.1%	35.4%	50.0%	12.5%	100.0%
	INDIAN	% within Race	.0%	16.2%	67.6%	16.2%	100.0%
	COLOURED	% within Race	.0%	21.4%	57.1%	21.4%	100.0%
	BLACK	% within Race	3.1%	6.3%	75.0%	15.6%	100.0%
Total		% within Race	1.5%	21.4%	61.8%	15.3%	100.0%

Table: 4.5 Race and Less crosstabulation

The race percentages in Table 4.5 illustrates the race of respondents that are spending less on clothing in the last year. The data indicates that sixty-three percent of White people are purchasing less clothing, while Indian people are eighty-four percent and Black people are ninety-one percent purchasing less clothing in the last year.

			MrP				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Age	21-30	% within Age	5.9%	38.8%	47.1%	8.2%	100.0%
	31-40	% within Age	11.4%	34.3%	42.9%	11.4%	100.0%
	41-50	% within Age	14.3%	42.9%	28.6%	14.3%	100.0%
	51-60	% within Age	25.0%	25.0%	50.0%	.0%	100.0%
Total		% within Age	8.4%	37.4%	45.0%	9.2%	100.0%

Table: 4.6 Age and Mr Price crosstabulation

The following two Tables will determine whether the current economic conditions had encouraged respondents to shop more often at Mr Price clothing stores than they had before. The prominence of ages 21-40 doesn't necessary provide confirmation of the retailers infamous value and fashionability mix being the reason why. The data received from the survey was prodromiently more respondents from the same age category. Table 4.6 shows that fifty-five percent the age group between 21-40 have had the biggest shift in being encouraged to shop more often at Mr price stores.

			MrP				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Race	WHITE	% within Race	10.4%	43.8%	41.7%	4.2%	100.0%
	INDIAN	% within Race	7.9%	31.6%	50.0%	10.5%	100.0%
	COLOURED	% within Race	.0%	40.0%	53.3%	6.7%	100.0%
	BLACK	% within Race	10.0%	33.3%	40.0%	16.7%	100.0%
Total		% within Race	8.4%	37.4%	45.0%	9.2%	100.0%

Table: 4.7 Race and Mr Price crosstabulation

As Table 4.7 shows fifty-four percent of the total of respondents said they shopped more now as opposed to before in Mr Price clothing stores. The Table indicates that forty-six percent of White people had begun to frequent Mr Price clothing stores more. A further sixty-five percent of Indian people and fifty-seven percent of Black people also frequented Mr Price clothing stores more now due to the recession.

			Outcome				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Age	21-30	% within Age	3.4%	9.2%	71.3%	16.1%	100.0%
	31-40	% within Age	.0%	8.8%	70.6%	20.6%	100.0%
	41-50	% within Age	.0%	14.3%	71.4%	14.3%	100.0%
	51-60	% within Age	.0%	25.0%	75.0%	.0%	100.0%
Total	% within Age	2.3%	9.8%	71.2%	16.7%	100.0%	

Table: 4.8 Age and Outcome crosstabulation

The following two Tables indicate whether respondents will continue to frequent the Mr Price clothing stores even if their financial situation improves. Table 4.8 shows that eighty-eight percent of the respondents will remain loyal to Mr Price clothing even once their financial situation improves. Eighty-seven percent of these loyal consumers fell in the 21-30 age category while ninety-two percent fell in the 31-40 age category.

			Outcome				Total
			STRONGLY DISAGREE	DISAGREE	AGREE	STRONGLY AGREE	
Status	EMPLOYEE	% within Status	3.3%	6.7%	74.4%	15.6%	100.0%
	SUPERVISOR	% within Status	.0%	16.7%	66.7%	16.7%	100.0%
	MANAGEMENT	% within Status	.0%	12.0%	64.0%	24.0%	100.0%
	SENIOR MANAGEMENT	% within Status	.0%	40.0%	60.0%	.0%	100.0%
	OTHER	% within Status	.0%	16.7%	66.7%	16.7%	100.0%
Total	% within Status	2.3%	9.8%	71.2%	16.7%	100.0%	

Table: 4.9 Status and Outcome crosstabulation

Table 4.9 shows ninety percent from the employee status had stated that they would remain loyal and forty-nine percent from management also stated that they would remain loyal to Mr Price clothing even when the economic situation has improved. The results are positive for the retailer as the majority of their consumers are from a lower income status level, which is the segment the retailer markets to. The forty-nine percent of the above average income status level indicates that higher income consumers are also wanting fashionable value clothing.

#### **4.5 Summary**

The results are interesting and some even contradictory in some instances. This chapter provided the data to determine whether consumers buying behaviour of purchasing clothing changes in difficult economic climates. From the results it has been found that the respondents buying behaviour has had to shift as a result of the recession they currently find themselves in. Some salient findings were that more than half the respondents had shifted from high to lower priced retailers. The respondents clearly indicated that they had become more price conscious and were willing to make substitute purchases. It was determined that Mr Price was the retailer of choice as they offered value for money, quality and choice of fashion clothing items. The Mr Price brand held up against international branded names and major advertising campaigns during these difficult economic times.

The contradictory elements indicated higher priced retailers were selected as the respondents preference when Mr Price was not listed as an option. Indications were that Mr Price clothing was a choice retailer that offered value and variety. Items purchased were however not on a regular basis from this retailer. Another interesting fact was that a large number of respondents stated that credit facilities were the least attractive contributor to shop anywhere.

In chapter five the results from this chapter will be compared to national and global trends to determine any significance of these research findings in Durban and whether any correlation exist. The data obtained will be validated with other certified researched data.

## CHAPTER FIVE

### Discussion

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#### 5.1 Introduction

It is important that the findings from the previous chapter of this study was interpreted and the findings explained in conjunction with other readings, case studies, company reports and previous research conducted both locally and internationally. The findings were be validated and put into context with the objectives of the study. Where possible, the results were compared and contrasted with the rest of the world experiencing the same economic crisis.

Through the results obtained and utilising other researcher's literature, evidence to support or disprove the objectives was obtained. In turn, the conclusion and suggestions were able to make a meaningful contribution to clothing retailers and suppliers alike.

#### 5.2 Objective one: To determine who changes.

The first objective of this study was to determine which consumers had changed their shopping patterns because of the economic downturn. According to Mawby (2008) cash strapped consumers affected by the economic downturn are changing their shopping behaviour and that retailers will need to respond to changing consumer needs as the economic climate forces shoppers to be more considered in their buying habits. It was determined from the survey for this study that fifty-two percent of the respondents stated that they had changed from a high to a low priced clothing store (Chapter 4, Figure: 4.17). Seventy-three percent of the respondents also stated that they had become more price conscious now opposed to a year ago (Chapter 4, Figure: 4.18). The age groups between 21-30 and 31-40 were the most price sensitive with ninety-two percent from the total of respondents (Chapter 4, Table 4.1). The data on the race category indicated that white people were thirty-six percent more price conscious, indian people were twenty-nine percent and black people were twenty-four percent price sensitive (Chapter 4, Table 4.2). Table 4.3 in chapter four showed that the lower income respondents were the most price sensitive regardless of race and age, with sixty-nine percent of the employee category stating that they had to cut back on purchasing clothing as a result of the downfall economy.

Consumers seek and buy good value items. Price cuts (and own brands) become more appealing.

Consumers take longer to make decisions about the purchase of durables, and end up buying on price. No-frill products are favoured over those with "all the bells and whistles" (Todd. 2008). In another survey conducted by Interbrand in South Africa it was found that sixty-nine percent (69%) of those surveyed said their household income had not fallen in the last six months, fifty-nine percent (59%) claimed they had already changed their shopping habits" (SA changes buying...2009). This proves that although the lower income consumers are forced to change their shopping patterns the wealthier consumers also curb their spending in the fear of uncertainty in the future.

### **5.3 Objective two: To determine why they change.**

Consumers first spent on what they regarded as being essentials. Essential items are still essential, but they buy the cheaper ones. Consumers become less loyal. They shop around more looking for the best deal (Todd. 2008). Even the more influential consumers have been cautious from spending with their confidence level being so low as a result of uncertainty. Whether you call it the "credit crunch", an "economic downturn" or a "recession", the fact is that the consumers' discretionary spending is being squeezed hard, and their confidence about the economic future has been dented (Todd. 2008). This survey showed that Mr Price clothing was the choice retailer offering value for money fashionable clothing (Chapter 4, Figure 4.23). The current global recession had resulted in clothing retailers to review their strategies and to be able to offer value for money with no disposable income and high interest rates on credit dampening and curbing consumers from spending as much as before. Well before the market crash in October 2008, most people had reduced their use of petrol and electricity by sixty-seven percent (67%), cut back on out-of-home entertainment by fifty-six percent (56%), were spending less on new clothes by fifty-five percent (55%) and using their cars less often by fifty-four percent (54%). After covering essential living expenses, Americans are saving whatever is left over, though almost twenty-five percent (25%) of consumers report having no cash (Swanson. 2008).

This survey determined that seventy-seven percent of the respondents spent less on clothing now opposed to a year ago. The age group between 21- 40 accounted for ninety-two percent of the total sample size in agreement with having cut down on clothing.

It was also determined that White people were the most price sensitive with thirty-seven percent, Indian people were twenty-eight percent and Black people were twenty-four percent. As already stated, the employee status was the highest with seventy percent and second was management with eighteen percent that agreed to have cut clothing purchases.

Consumers changed their shopping patterns due to the lack of disposable income. When the economy fell as it has, consumers look for value and affordability. Necessities become the main focus on spending and this is when branded names and exclusive products drop off the consumers radar. Value for money becomes the focal point in shopping. Shapiro (2009) "What the Mr Price results show you, is that people are downgrading, in other words, they're buying for cash and also I don't want to say cheaper quality because I think Mr Price produces good value for money quality, but people are certainly conscious about where they're spending their money." "Apart from consumers trading down, Mr Price's wide selection of fashion at a low price also helps the group" (Gilmour. 2009).

#### **5.4 Objective three: To determine from whom and what substitutes consumers buy.**

In chapter 4, Figure 4.12 the question what determined where you purchase clothing the most was asked. The respondents indicated that quality was the most important factor with thirty-nine percent and price was the second with thirty-five percent that where the most important factors that determined where they shopped. This supports the fact that respondents were looking for value for money. As a result of the economic crisis respondents had shown a change in shopping patterns which had resulted in them buying less clothing than they normally would. Seventy-seven percent of the respondents had agreed to purchasing less clothing now than previously (Chapter 4, Figure 4.22). In chapter 4, Figure 4.17 proved that as a result of the difficult economic climate, respondents had changed from high to lower priced clothing stores. The question indicated on the questionnaire was which stores the respondents shopped at on a regular basis now, as opposed to before the recession (Chapter 4, Figure 4.23)?

The findings indicated that Mr Price was the highest with seventy-eight percent and the other retailers were all below ten percent.

This highlights just how many consumers had changed to shopping at Mr Price clothing. The current economic conditions have encouraged fifty-nine percent of the respondents to shop more often at Mr Price. McArthur (2009) said, "I often hear the comment being made that people 'trade down', which we do not necessarily like. In Mr Price itself, we have 3.5 million customers, and we share those with the other major retailers. They are just simply buying more from us – they are not new customers that are coming into this environment. And the fashion value offer has really gained enormous market share for them during this period." "We believe that positioning ourselves as a value retailer has been strategically sound and this, taken together with the fact that we are still a predominantly cash business, has enabled us to withstand the effects of these economic headwinds better than most" McArthur (2009).

Through this survey it was clearly determined that Mr Price was the retailer by choice as a result of the current economic crisis. It has also been determined that consumers are not that brand loyal during these hard times and that value ranks highest in the consumers mind to make the purchase.

#### **5.5 Objective four: To determine why consumers buy from alternate brands.**

In good economic times, the consumer is willing to spend more (even borrowing money to do so) because they believe that their economic circumstances will improve. When their budgets are squeezed, and they start to believe that their economic circumstances are likely to get worse, how they choose to spend their money dramatically changes. They become more inclined to delay purchases, trade down, and buy less often (Todd. 2008). Lanser (2008) adds that brands face more than just the till-affected challenge of tighter belts. "Consumers will be looking for alternatives to brands that they perceive to be expensive. Challenger brands have an increased opportunity to promote trial and value brands to have the opportunity to cement loyalty." Purely price driven value is harder to sustain in the long term and sets a precedent for the future. Rather, consider how to add value to the shopper experience.

Think big and small; value packs as well as smaller versions of luxuries both help consumers feel like they are tightening their belts without sacrificing their little indulgences (Mawby and Lanser. 2008). The research conducted in this dissertation has shown that sixty-three percent of the respondents were not brand conscious (Chapter 4, Figure 4.21).



The significant high percent not being brand loyal had indicated that the respondents were more focused on value and quality. The key decider being affordability in difficult economic times. Figure 4.20 in chapter four also strengthens this with fifty-six percent of the respondents stating that price was more important than service.

#### **5.6 Objective five: To determine whether the change is permanent or temporary.**

The question was asked on the questionnaire whether they would continue to frequent the Mr Price clothing stores even once their financial situation had improved. The findings were that eighty-eight percent of the respondents would remain loyal to Mr Price clothing. Sixty six percent of these respondents fell between the ages of 21-30 and twenty-six percent fell in the 31-40 age category (Chapter 4, Table 4.14). Table 4.16 showed that sixty-eight percent of the lower income category and nineteen percent of the above average income category would be retained as customers. This supports the notion that consumers were looking for value for money. This value was price driven, but quality and a variety of fashionable choices were all contributing factors to the success formula that Mr Price has been able to obtain in the clothing industry.

#### **5.7 Summary**

The facts indicated above supports the research that consumers have changed their shopping patterns, as a result of the current recession and that, they do look for value for money and rate quality as an important factor. This reinforces the strong positioning Mr Price clothing has had in these times as they offer value for money and their products according to the respondents, were quality fashionable products with a wide range of offering.

## **CHAPTER SIX**

### **Recommendations and Conclusions**

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#### **6.1 Introduction**

The previous chapter discussed the findings from the research and reiterated the findings through statistical evidence gathered from a reliable and validated source. Further to this, literature on this matter has also been used in collaboration. The facts that have been proven are that during a recession or in difficult economically cycles consumers are forced to change their shopping patterns. Certain products are affected more than others and likewise certain consumers are more cautious than others are. Other factors are arbitrary due to insufficient details acquired or conflicting findings with no correlation to one another.

#### **6.2 Implications of this Research**

Whether one calls it the “credit crunch”, an “economic downturn” or a “recession”, the fact is that the consumers discretionary spending is being squeezed hard, and their confidence about the economic future has been dented (Todd, A. 2008). Consumers are feeling economic stress, and this anxiety is heightened by a sense of danger rooted in 21st century worries about terrorism, environmental guilt, genetically modified foods, oil shortages, political uncertainty, currency fluctuations and AIDS, to name some (Todd, A. 2008). All of this strongly impacts on consumer purchase behaviour, which in turn directly affects business performance. In good economic times, the consumer is willing to spend more (even borrowing money to do so) because they believe that their economic circumstances will improve (Todd, A. 2008). When their budgets are squeezed, and they start to believe that their economic circumstances are likely to get worse, how they choose to spend their money dramatically changes. They become more inclined to delay purchases, trade down, and buy less often (Todd, A. 2008).

Looking ahead, McArthur (2009) said that while it was uncertain when the economic crisis would start to show signs of abating and consumer confidence would be restored, Mr Price would continue to enhance its value proposition to customers.

"We expect the second half to be much like the first in terms of difficult trading conditions. However, we are well placed to gain further market share with our fashionable products at everyday low prices. Growth in earnings for the year should be achieved, provided there is no further marked deterioration in spending patterns," concluded McArthur (Mr Price interim...2008). Results again show that low-cost clothes continue to take away market share from businesses that sell more expensive items (Mr Price's CEO...2009).

### **6.3 Recommendations for clothing retailers**

Based on the results of this study the following are recommended:

- Consumer's psychology studies.
- Advertising and clothing purchases.
- Internet influence in clothing purchases.
- Branded products verses entry level priced items in the retail industry.
- Using different demographic market segments based on income, gender and race among others.

Future research should consider:

- Structuring the questionnaire with no ranking questions to eliminate any confusion.
- Using a larger sample.

### **6.4 Specific recommendations for Mr Price clothing**

- Invest in proper informative ticketing also known as the silent salesman.
- Investigate options on the internet.
- Market children and babywear more aggressively to gain a larger market share and sway potential future customers.
- Focus on ensuring price and quality with all new fashion items to sustain performance.

## **6.4 Conclusion**

The notion of choice and preference is lost when consumers are financially disadvantaged. This research questioned whether there were changes in consumer buying behaviour of clothing in difficult economic climates. This led to the objectives of determining who changes, the reason behind the change and whether substitutes from competitors are being purchased. One of the important questions was whether the change would be permanent or temporary.

Through the research conducted, it has been determined for the Durban area with a sample of 133 respondents that there was a change in buying trends, the main reason for the change being the recession. The operative focus being value for money, which did lead to consumers shifting from higher clothing retailers to lower clothing retailers. It was also determined that consumers were generally not very brand loyal in regards to clothing and that they were willing to save on something to indulge in another. From all the value retailers, Mr Price Clothing was the retailer of choice with fifty four percent of the respondents stating that they frequented Mr Price clothing more as a result of the recession. Eighty eight percent of the respondents said that they would remain frequent and loyal customers even when their financial situation improved. A recession weeds out the weak and make the strong stronger. The importance of how an organisation adapted during the recession will also have a significant effect on how well consumers will embrace and accept them once their financial situation improves and they are once again able to purchase by choice and preference instead of necessity.