UNIVERSITY OF KWAZULU-NATAL

TITLE

Investigating Cigarette Purchase Patterns by Gauteng Smokers

By

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DECLARATION

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ABSTRACT

As the tobacco industry is one of the most highly legislated industries in the world, with the industry facing declines in volume both globally and in South Africa, having a thorough understanding of the factors affecting the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers is critical in terms of growth.

This research sought to understand the cigarette purchase patterns of both brand Loyal and brand Disloyal smokers in Gauteng so as to understand, firstly, the potential impact which the proposed tobacco legislation changes could have on the cigarette purchase patterns of brand Loyal and brand Disloyal smokers. Secondly, to identify the specific brand and product attributes favoured by brand Loyal and brand Disloyal smokers. Thirdly, to understand to what extent the purchase patterns of brand Loyal and brand Disloyal smokers are affected during brand out of stock situations, changes in income, bundle-pack cigarette offers as well as changes in cigarette prices.

The research was quantitative in nature and the sample size was 103 Gauteng smokers. The selection criteria for participants were that they needed to be smokers; to be eighteen years of age or older, and to have smoked one or more cigarettes in the last 30 days preceding the research. The data was analysed using SPSS statistical software as well as Wincross.

The results revealed that the sample of Gauteng smokers are very brand loyal and that there are critical differences between the purchase patterns of brand Loyal and brand Disloyal smokers including their preferred place of purchase of cigarettes, whereby brand Loyal smokers prefer to buy their cigarettes from Shoprite and Pick ‘n Pay stores, whilst brand Disloyal smokers prefer to purchase their cigarettes from Spar and ‘other retailer’. In addition, the findings of the proposed legislative changes indicate that should Plain Pack legislation be passed in South Africa, it would result in the cessation and / or reduction in the number of cigarettes smoked of 59% of the sample of Gauteng smokers.

The study has generated insights and recommendations in terms of how cigarette companies in South African can leverage these findings so as to grow their customer base and market share in a declining market and a tougher tobacco legislative environment.

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1.1 INTRODUCTION

It is estimated that cigarette sales in South Africa have declined by more than 30% over the last 10 years (Tobacco Institute of Southern Africa, 2011). In addition, the proliferation of illicit tobacco in South Africa, now estimated to be more than 25% of total sales for the country (Tobacco Institute of Southern Africa, 2011), is anticipated to rise.

The Tobacco industry is one of the most highly legislated industries in the world with the industry facing declines in volume both globally and in South Africa (Euromonitor International Country Tobacco Report, 2011). Tobacco manufacturers in South Africa could, however, face even more stringent legislative changes in the form of the Australian legislation on plain packaging. This could change the cigarette sales and marketing landscape in South Africa as cigarette companies have never before been confronted with an inability to brand their products to consumers in one of the most influential marketing spaces - the cigarette pack (Euromonitor International Country Tobacco Report 2011).

This research sought to consider firstly, the potential impact on the cigarette purchase patterns of smokers in Gauteng if (a) plain packaging legislation or under-counter legislation be passed in South Africa, (b) whether the purchase patterns of brand Loyal and brand Disloyal smokers is impacted by attribute preference, brand awareness levels or when they encounter various scenarios.

1.2 BACKGROUND TO THE STUDY

With declining cigarette sales in South Africa due to a constrained economic environment, increasingly restrictive legislative environment as well as the proliferation of contraband and counterfeit cigarettes in the country, the proposed introduction of Australian styled plain packaging legislation in South Africa would result in increasing pressure on cigarette companies. In order to understand the potential impact such legislative changes could have on the tobacco industry, it is critical to have a thorough understanding of the purchase patterns of smokers in South Africa.

In addition, very little research to date in South Africa, has focused on the cigarette purchase patterns of South African smokers (nationally or at regional level), so as to understand whether brand loyalty exists amongst Gauteng smokers and if so, to ascertain which brand and product attributes are preferred by brand loyal smokers. Lastly, it is important to understand if cigarette purchase patterns change when faced with various scenarios brand out of stocks.

1.3 NEED FOR THE STUDY

1.3.1 Previous Research

Previous research on the tobacco industry has focused on various aspects of tobacco control. Van Walbeek (2005, pp. 60 -65) tabulated the works of various authors globally who focused on factors relating to the tobacco industry. Although the research was exhaustive, ranging from the years 1945 – 1999, none of the authors focused specifically on brand loyalty. A comprehensive list of all authors which were included by Van Walbeek (2005) is included in Chapter Two.

An exhaustive literature review search found other authors who have focused on various aspects of brand loyalty, however, only a few authors have focused on the cigarette industry within specific countries: Kristinsdóttir (2010) focused her research specifically on analysing influential factors that lead to cigarette brand loyalty in the Icelandic market, Dawes (2012) focused on cigarette brand loyalty and purchase patterns using US consumer panel data; Farrelly (2006) evaluated the cigarette purchase patterns amongst New York smokers and the implications for health, price and revenue whilst Garg, Das, John, Amin and Hegde (2010) focused on factors affecting brand loyalty of cigarette smokers in India.

Research on issues relating to plain packaging of tobacco products were conducted by Freeman, Chapman and Rimmer (2007), the Centre for Behavioural Research in Cancer, Australia (2008) and Euromonitor International (2012). Research on the general effect of packaging of tobacco products was conducted by the Centre for Tobacco Control Research (2012).

Research on the illicit cigarette trade in South Africa was conducted by The Tobacco Institute of Southern Africa (2011). Research conducted on the tobacco industry globally was conducted by Euromonitor International (2012) and research conducted on the tobacco segment in South Africa was conducted by Euromonitor (2011).

1.4 PROBLEM STATEMENT

No research to date has focused on understanding cigarette purchase patterns of South African smokers in terms of aspects related to cigarette brand loyalty and brand disloyalty. In addition, no research as yet has been conducted to investigate the potential impact on cigarette purchase patterns of brand loyal and brand disloyal smokers in South Africa should either the Australian plain pack legislation be passed in South Africa or legislation requiring all cigarettes to be hidden from sight at point of sale.

This research sought to firstly provide data and recommendations that will be of value to both the South African Ministry of Health as well as tobacco companies in South Africa concerning the potential impact on the cigarette purchase patterns of a sample of cigarette smokers in Gauteng, should the legislative changes take place in South Africa. Secondly, the research explored whether brand loyalty exists amongst a sample of Gauteng cigarette smokers and if so, to identify the brand and product attributes which are favourable viewed by brand Loyal and brand Disloyal smokers. Thirdly, the research explored the extent to which the purchase patterns of brand Loyal and brand Disloyal smokers in Gauteng are influenced by changes in income, changes in cigarette pricing and out of stock situations.

With the cigarette industry in South Africa declining by more than 30% over the last 10 years, as per findings from The Tobacco Institute of Southern Africa (2011), and with legislation in South Africa potentially becoming more stringent with the probable introduction of plain packaging legislation which effectively removes all cigarette branding from cigarette packs, it is more critical than ever for South African tobacco companies to understand the cigarette purchase patterns of smokers as well as to anticipate the impact which plain packaging legislation could have on cigarette purchase patterns in order to create a robust sales and market strategy in order to maintain or grow their market share in South Africa. Prior knowledge as to the efficacy and impact which the plain packaging legislation could have on the sample of cigarette smokers in the Gauteng region, should it be implemented, would be invaluable to the South African Minister of Health, Aaron Motsoaledi.

Brand loyalty in this research is defined as a smoker who is still smoking the same brand as a year ago. The tobacco legislative changes refer firstly to implementation of plain cigarette packaging, with all branding removed (as per the recent Australian legislation) which is very probably going to be enacted and implemented in South Africa in 2013 /

2014 as well as potential legislation stipulating that all tobacco products are required to be hidden from sight (UK legislation).

1.5 RESEARCH OBJECTIVES

The research objectives were to:

- Determine what percentage of Gauteng smokers are brand Loyal versus those who are brand Disloyal;
- Understand the cigarette purchase patterns of brand Loyal and brand Disloyal Gauteng smokers;
- Determine whether brand awareness affects the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers;
- Identify specific product attributes which are valued by brand Loyal and brand Disloyal Gauteng smokers, which could ultimately influence their purchase patterns;
- Determine what impact various scenarios might have on the cigarette purchase patterns of brand Loyal and brand Disloyal Gauteng smokers;
- Determine whether the cigarette purchase patterns of brand Loyal and brand Disloyal Gauteng smokers might change when faced with stringent anti-tobacco legislative changes.

1.6 RESEARCH QUESTIONS

- What percentage of Gauteng smokers are brand loyal versus those who are brand disloyal?
- What are the cigarette purchase patterns of brand loyal and brand disloyal Gauteng smokers?
- Does brand awareness affect the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers?
- Which specific product attributes are valued by brand Loyal and brand Disloyal Gauteng smokers?
- What impact might various scenarios have on the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers?
- Do the cigarette purchase patterns of brand loyal and brand Disloyal Gauteng smokers change when faced with stringent anti-tobacco legislative changes?

1.7 RESEARCH METHODOLOGY OVERVIEW

The research was a cross - sectional study, predominantly quantitative in nature. It was a paper-based questionnaire comprising of 38 questions, of which 5 were qualitative in nature and 33 were quantitative. The sample size was 103 cigarette smokers across all age, gender, income and race groups living in specific areas in Gauteng.

The selection criteria for participants included that they needed to be smokers; to be eighteen years of age, or older and to have smoked on one or more cigarettes in the 30 days preceding the survey.

The data was collected as a result of these paper-based questionnaires, completed in the field then transcribed to Excel. Data was captured in Epidata and then analysed utilising SPSS statistical software as well as Wincross.

1.8 SIGNIFICANCE OF THE RESEARCH

The findings of the research will be of interest to senior management at cigarette companies as well as the Ministry of Health as the study includes the efficacy and impact of plain packaging tobacco legislation on the cigarette purchasing patterns, should the legislation be introduced in South Africa. In addition, specific insights generated from the purchase and smoking behaviours of the sample of brand Loyal and brand Disloyal cigarette consumers, as well as their reaction to scenarios such as pricing, income changes, out of stock situations, are critical to senior management at cigarette companies seeking to understand brand loyalty of cigarette smokers in Gauteng as well as the drivers thereof, including the importance and relevance of brand awareness and specific brand attributes valued by both brand Loyal and brand Disloyal smokers.

1.9 LIMITATIONS

The first limitation is that the study focussed only on a specific region of South Africa, namely Gauteng, and within the Gauteng region, the study only focused on a small portion of Gauteng cigarette smokers, namely 1% of all Gauteng smokers. Due to the narrow focus of the study, the views of respondents on a country-wide basis were not tested. In the light of this, the findings of this research reflect the view of a sample of Gauteng smokers and anyone wishing to generalise and apply the findings to other provinces in

South Africa should do so with great caution and should closely monitor the situation for any localised deviation from the Gauteng patterns.

Secondly, the study was limited to cigarettes as they are the predominant tobacco product used by South Africans (Euromonitor International, Country Report, 2011). As such the study did not cover the entire spectrum of smokers in that those who roll their own cigarettes, those who enjoy smokeless tobacco such as Snus and those that smoke pipe tobacco were excluded from the study.

This study is limited in that it was predominantly quantitative in nature with five questions which were qualitative in order to determine reasons for smoker's responses. Hence a study more qualitative in nature could extract more in-depth data gathering and analysis.

1.10 CHAPTER OUTLINE

The research is structured in the form of chapters, the details of which are included below:

Chapter Two

Chapter two covers the literature review which focuses on literature of an academic nature relating to all aspects of brands and brand loyalty as well as the tobacco industry and the illicit cigarette market both internationally and in South Africa. In addition, the latest legislative initiatives which have been launched in other countries are discussed as well as the tobacco companies' reactions to this. The literature review is comprised of published books, journals and peer review papers which provide greater depth and insight into all aspects of brand loyalty, the tobacco industry, illicit market as well as aspects relating to legislation.

Chapter Three

Chapter three covers the research methodology used as well as the data collection process. Included in this chapter are the reasons for the methodology being selected based on the requirements of answering the problem statement.

Chapter Four

Chapter four covers all aspects relating to answering the research objectives. The data is presented in both tables and graphs. The facts of the findings of Chapter Four are discussed with the recommendations thereof being included in Chapter five.

Chapter Five

Chapter five includes greater depth and insights of the research findings and applied to the cigarette industry as a whole and recommendations have been proposed, where such are applicable.

1.11 CONCLUSION

Chapter one provides an introduction, outline of the research and background to the study encompassing the cigarette industry, cigarette manufacturers and legislative environment globally and in South Africa. Based on an analysis of previous research conducted on the tobacco industry, it is evident that limited research has been conducted on cigarette brand loyalty as well as the cigarette purchase patterns of cigarette smokers in South Africa, leading to an identified need for the study. This study focuses on the South African tobacco industry, understanding whether brand loyalty exists in terms of cigarette smokers as well as exploring the impact on the purchase patterns of Gauteng cigarette smokers when facing various scenarios including the proposed tobacco legislation changes in South Africa. The research objectives and research questions have been clearly identified as well as the research methodology, significance of the research and limitations thereof.

Chapter two contains a review of the relevant, current and appropriate literature that was consulted for this research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Chapter Two reviews literature pertaining to the global and South African tobacco industry, tobacco manufacturers, the impact the illicit trade has had on the tobacco industry both globally and in South Africa as well as, the tobacco manufacturers' reaction to plain packaging legislation. In addition, previous research on the tobacco industry, globally and in South Africa are summarised.

Brand related aspects are detailed, including brand loyalty constructs and benefits (general industry and cigarette industry); brand disloyalty (definitions and behaviours); definitions of brand image, brand positioning, service quality, customer satisfaction; definitions of product and brand innovation and the benefits thereof (general industry and cigarette industry); brand out of stock situations and the impact thereof (general industry and cigarette industry); pricing and special product offers (general industry and cigarette industry) as well as a definition of purchase pattern behaviour.

2.2 International Tobacco Industry

2.2.1 International Tobacco Industry Volume and Value Movement

The tobacco industry generally refers to companies involved in the manufacture of cigarettes, cigars, snuff, snus, chewing tobacco and pipe tobacco, with cigarettes comprising around 95 per cent of the total market (British American Tobacco Annual Report, 2011). As at the end of 2011, the global tobacco market was valued at around £450 billion, representing 5.5 trillion cigarettes per annum, and is anticipated to exceed £500 billion by 2015, despite tighter regulation, global economic uncertainty and high unemployment levels in developed markets (British American Tobacco Annual Report, 2011).

The four leading international tobacco companies – Philip Morris International (PMI), British American Tobacco (BAT), Japan Tobacco (JTI) and Imperial Tobacco Group Plc. (IMT) account for 45% of the global market, or around three-quarters of the market outside China (Euromonitor International Global Report, 2012). The biggest tobacco business in the world by far is CNTC, the state organisation which controls China's tobacco companies, which supply some 350 million smokers (Euromonitor International Global Report, 2012).

The leading global cigarettes brands in 2011, excluding Chinese brands, are global flagship brands owned by international tobacco, namely Marlboro (PMI), Winston (JT), L&M (PMI), Pall Mall (BAT) and Kent (BAT) (Euromonitor International Global Report, 2012). The leading 20 global brands accounted for 24% of the sales volume of the global cigarette market in 2011 (Euromonitor International Global Report, 2012).

When comparing tobacco sales of 2011 over 2010, double-digit growth of 11% was achieved in terms of sales value; however cigarette volumes declined in developed markets (Euromonitor International Global Report, 2012). The growth in sales value can be attributed to the pricing strength of the global cigarette market, the increasing proportion of the global market accounted for by the international flagship brands of global tobacco companies as well as the contribution of cigarette sales in China (Euromonitor International Global Report, 2012). China, which represents over 40% of all global volume in cigarette consumption, grew their sales volume by 4%, translating into additional sales of almost 90 billion sticks (Euromonitor International Global Report, 2012).

Euromonitor forecasts that cigarette consumption in developed markets will continue to fall up to 2016, however these declines may begin to moderate (Euromonitor International Global Report, 2012). Overall the future global trend is that despite the average smoker consuming fewer cigarettes, the average spend per cigarette could increase (Euromonitor International Global Tobacco Report, 2012). This could be helped by an increase in average disposable income in developing countries as well as continuous innovation and product improvements by global tobacco companies which drives “premiumisation” – defined as the increasing proportion of premium price band cigarettes in the product mix (Euromonitor International Global Report, 2012).

2.2.2 International Tobacco Industry and the Impact of Illicit Trade

Euromonitor International estimates that the 2011 global illicit trade in cigarettes equates to 9% of global cigarette consumption, representing 560 billion sticks (Euromonitor International Global Report, 2012). In 2011 the illicit cigarette trade continued to rise, albeit by less than 1%, due to crackdowns in some major markets (Euromonitor International Global Report, 2012). However, with cigarette prices continuing to rise globally and more sophisticated fake products being produced by modern technologies, prospects are for illicit trade to continue to edge upwards in most markets (Euromonitor International Global Report, 2012).

2.2.3 Overview of International Tobacco Companies

Table 2.1: Summary of the Top Four Global Tobacco Companies (Excluding China)

	PMI 2011	**BAT 2011**	**JTI 2011**	**Imperial 2011**
Global Cigarette Volumes (sticks)	860 billion	705 billion	425 billion	159 billion
Markets where brands are sold	180	180	120	160
Market Share	16%	13%	10%	5%
Cigarette Factories	56 factories in 33 countries	46 factories in 39 countries	24 factories	50 factories
No of Employees	+ 78, 000	56, 265	+25, 000	38, 000
Top 3 Brands	Marlboro, L & M, Fortune	Dunhill, Kent, Lucky Strike	Winston, Mild Seven, Camel	Davidoff, Gauloises, West

Source: Manufacturer's website (www.pmi.com; www.bat.com; www.jti.com; www.imperial-tobacco.com)

2.2.3.1 Philip Morris International Inc. (PMI)

Philip Morris International Inc. (PMI) is the leading international tobacco company, with products sold in 180 countries (Philip Morris International Company Overview, 2011). PMI owns and manufactures the world's number one international selling cigarette brand, Marlboro, with seven of their brands ranking in the top 15 international brands in the world (Philip Morris International Company Overview, 2011).

2.2.3.2 British American Tobacco (BAT)

British American Tobacco (BAT) is the second largest international tobacco company, with more than 200 brands being sold across 180 markets in 2011 (British American Tobacco Annual Report 2011). Their four Global Drive Brands – Dunhill, Kent, Lucky Strike and Pall Mall – accounted for just under 32% (226 billion cigarettes) of their global volumes in 2011 (British American Tobacco Annual Report, 2011).

2.2.3.3 Japan Tobacco International (JTI)

Japan Tobacco International is part of the Japan Tobacco Group of Companies (JT), a leading international tobacco product manufacturer (JTI, 2011). They were formed in 1999 when Japan Tobacco Inc. acquired the non-US operations of tobacco company, R.J. Reynolds (JTI 2011). With the acquisition of UK-based Gallaher in 2007, JTI nearly doubled in size, with operations in 120 countries and headquartered in Geneva, Switzerland (JTI, 2011). JTI is the third largest tobacco company globally with a global market share of 10 %.Their top brands include Camel, Winston, LD, Sobranie, Glamour, Mild Seven, Benson and Hedges and Silk Cut (JTI, 2011).

2.2.3.4 Imperial Tobacco Group PLC

Imperial Tobacco Group PLC is the fourth largest tobacco company globally, managing 50 cigarette and tobacco products and processing plants globally, as well as a logistics business (Imperial Tobacco Group PLC Annual Report and Accounts, 2011). Their products are sold in more than 160 countries, with emerging markets accounting for more than 60% of all cigarettes sold (Imperial Tobacco Group PLC Annual Report and Accounts 2011). Their cigarette brands include Davidoff, Gauloises, West and JPS (Imperial Tobacco Group PLC Annual Report and Accounts, 2011).

2.3 South African Tobacco Industry

There are 6.3 million adult smokers (those aged 18 years and older) in South Africa who consume 21 billion sticks per annum (Tobacco Institute of Southern Africa, 2011). Sales of the legitimate (legal) cigarette market in South Africa have declined significantly (Euromonitor International Country Report, 2011). This decline reflects a continuing trend as evidenced by the findings of The Tobacco Institute of Southern Africa (TISA) that legal smoking market in South Africa has declined by 30% over the last 10 years (Tobacco Institute of Southern Africa, 2011).

2.3.1 The South African Tobacco Industry and the Impact of Illicit Trade

The decline in the sales for the legitimate tobacco industry in South Africa can be attributed to significant increases in the cost of living which limited consumer spending as well as the proliferation of illicit tobacco sales (Euromonitor International, 2011). Due to the increased cost of living, South African consumers are trading down to cheaper tobacco products in order to minimise their spending, sometimes resorting to buying illegitimate cigarettes which are 50% cheaper than legitimate cigarettes (Euromonitor International, 2011). This is having a detrimental effect on legitimate cigarette sales and it is anticipated that sales could decline further (Euromonitor International Country Report 2011).

TISA estimates that the illicit trade in South Africa in 2012 has grown to more than 25% of total cigarette sales for the country (Tobacco Institute of Southern Africa, 2011). This equates to between 7 – 7.5 billion illicit cigarettes sold in South Africa in 2011, costing Government R4 billion annually due to unpaid taxes (excise duty and VAT) (Tobacco Institute of Southern Africa, 2011). Converting these annual illicit sales volumes into sales per day, TISA estimates that around 19 million illegal cigarettes are sold daily (Tobacco Institute of Southern Africa, 2011).

2.3.2 South African Tobacco Manufacturers

2.3.2.1 British American Tobacco South Africa (BATSA)

British American Tobacco South Africa (BATSA) is the local division of the international giant, the British American Tobacco Group (BAT South Africa, 2012). BATSA emerged as a result of a South African merger between Rothmans International and the UK-based British American Tobacco plc. (BAT South Africa, 2012). BATSA markets more than 20 brands in South Africa, including Peter Stuyvesant, Dunhill and Kent, which they classify as their drive brands (BAT South Africa, 2012). Peter Stuyvesant, BATSA’s top-selling brand in South Africa, was first launched in the country in 1954 (BAT South Africa, 2012). The South African factory produces around 26 billion cigarettes annually for domestic and international markets (BAT South Africa, 2012).

In an article on British American Tobacco South Africa’s website, entitled BAT South Africa Best Employers 2012/2013, BATSA state that they hold over 86% share of the legitimate cigarette market and over 65% share of the total tobacco market in South Africa (BAT South Africa, 2012).

2.3.2.2 Phillip Morris South Africa (PMSA)

Phillip Morris South Africa (PMSA) is part of Phillip Morris International (PMI) (Philip Morris International Company Overview, 2011). The Phillip Morris South African office was established in 2003 with PMSA currently the second largest tobacco company in the country (Philip Morris International Company Overview, 2011). Their flagship brands in South Africa are Marlboro and Chesterfield cigarettes (Philip Morris International Company Overview, 2011). PMSA also manufactures other tobacco products such as roll-your-own, pipe tobacco and nasal snuff, including the market leading pipe tobacco brands Boxer and Best Blend (Philip Morris International Company Overview, 2011).

2.3.2.3 Japan Tobacco Incorporated

JTI entered the South African market in 1995 as part of the international operation of RJ Reynolds, which was subsequently purchased by Japan Tobacco Inc. in 1999 (Mpumalanga Business, n.d.). JTI's South African operation currently has around 340 employees with the Johannesburg office is responsible for Namibia, Botswana, Lesotho, Swaziland and South Africa (Mpumalanga Business, n.d.). Initially, it comprised only sales, marketing and support, but in 2007, as part of the global acquisition of Gallaher, JTI acquired a factory locally and now have an onshore production facility, which is situated in Wadeville, Gauteng. JTI's South African brands include Camel, Glamour, Aspen, Winston and LD (Mpumalanga Business, n.d.).

2.3.2.4 Gold Leaf Tobacco Corporation (GLTC)

Gold Leaf Tobacco Corporation (GLTC) is an independently owned, rapidly growing cigarette manufacturing company in South Africa who manufacture premium quality value cigarettes from their facilities in Gauteng, South Africa (Gold Leaf Tobacco, 2012). GLTC focuses on the value segment cigarettes – cigarettes which are aimed at price sensitive consumers with their flagship brands comprising of Voyager, Savannah, Sahawi and Sharp (Gold Leaf Tobacco, 2012).

2.3.3 Tobacco Legislation in South Africa

Tobacco legislation is another factor impacting on the tobacco industry, and with the South African government continuously reviewing tobacco legislation, it is a cause for concern of tobacco companies who are trying to market their product in a declining market (Euromonitor International, 2011). The Tobacco Products Control Act 83 of 1993 is the primary tobacco control law in South Africa and governs many aspects of tobacco control, including, but not limited to, public smoking restrictions; packaging and labelling of tobacco products; and tobacco advertising, smoking and sponsorship (Tobacco Control Laws 2012, South Africa).

Four tobacco control regulations have been issued under this law: 1) Regulations Relating to the Labelling, Advertising, and Sale of Tobacco Products (which regulates packaging and labelling); 2) Notice Relating to Smoking of Tobacco Products in Public Places (which regulates public smoking); 3) Regulations Relating to the Point of Sale of Tobacco Products (which regulates signs at point of sale); and 4) Regulations Relating to Provisions for Exemption For Unintended Consequences and the Phasing out of Existing Sponsorship or Contractual Obligations (which exempts cross-border advertising from the ban on advertising, promotion and sponsorship) (Tobacco Control Laws 2012, South Africa).

However, it is the indication from Aaron Motsoaledi, the South African Minister of Health, that South Africa could soon implement the latest Australian plain pack legislation, thereby enforcing plain packaging only for all cigarettes (South African Press Association, 2012), which could radically alter the cigarette sales and marketing landscape for South Africa. This will require that all cigarettes appear in standard packaging with graphic health warnings (Euromonitor International, 2012).

The brand name is all that will be allowed to differentiate the various tobacco products available for sale at place of purchase (Euromonitor International, 2012). The Minister of Health, on the 16’th August 2012, indicated his approval of the plain pack legislation recently passed in Australia by telling The Times Newspaper, “We will do it, definitely. Rest assured I am extremely excited about it” (South African Press Association, 2012).

2.4 Plain Packaging of Cigarettes

Plain packaging requires 'the removal of all colours, brand imagery, corporate logo's and trademarks, permitting manufacturers to only print the brand name in a mandated size, font and place, in addition to the required health warnings and other legally mandated product information such as toxic constituents, tax-paid seals, or package contents' (Freeman, Chapman and Rimmer, 2007, p. 8). A standard cardboard texture would be mandatory and the size and shape of the package and cellophane wrappers would also be regulated so as to prevent novelty pack shape varieties and covers replacing on-pack imagery (Freeman et. al., 2007).

Plain packaging would include the interior of the packet and the cigarette itself, 'given the potential for manufacturers to use colours, brandings and markings and different lengths and gauges to make cigarettes more interesting and appealing' (Freeman et. al., 2007). 'Any use of perfuming, incorporation of audio chips or affixing of pack 'onserts' would be banned' (Freeman et. al., 2007, p.8). Plain packaging would therefore result in the standardised appearance of all cigarette packs and cigarettes, greatly reducing the status signalling roles and appeal of cigarettes (Freeman et. al., 2007).

2.5 Tobacco Manufacturers Reaction to Australian Plain Packaging Legislation

The Australian High Court upheld legislation for the plain packaging of tobacco products with the implementation for all cigarettes to appear in standard packaging and with graphic health warnings to commence in December 2012 (Euromonitor International, 2012). This was fiercely opposed by the four big tobacco companies, in particular by British American Tobacco Plc and Imperial Tobacco who are exposed to any impairment in the Australian market purchase (Euromonitor International, 2012).

However, as a test case, the potential implications extend far beyond Australian shores for tobacco companies, as a number of other governments, including Canada, France, New Zealand, Norway and the UK, have closely monitored the process and outcome of the High Court purchase (Euromonitor International Plain Pack Article, 2012). Of all the countries globally who have closely monitored the process, the UK is most likely to implement this legislation first as it has already consulted widely in terms of the legislation purchase (Euromonitor International, 2012).

Without a true precedent, the impact of more widely adopted standardised packaging is difficult to predict, however, in the short term it is anticipated that the impact could be minimal as smokers continue for the most part to reflexively purchase based on existing brand loyalty (Euromonitor International, 2012).

However, tobacco manufacturers will no longer be able to rely on branding or product development in order to retain market share and will thus increasingly resort to pricing as the sole means of competitive differentiation at point of sale (Euromonitor International, 2012). Indeed, BAT is on record as vowing to flood the Australian market with cheaper brand variants in an effort to defend its brands in order to limit the expected exodus of smokers to the illicit trade (Euromonitor International, 2012). Removing elaborate branding from cigarette packaging will allow the illicit trade to flourish as they will no longer have to attempt to mimic legitimate products (Euromonitor International, 2012).

Proponents of tobacco packaging bans are convinced that they will further ‘de-normalise’ and ‘de-glamorise’ smoking, particularly in the eyes of the next generation of consumers (Euromonitor International, 2012).

This insight is shared in research conducted by The Centre for Tobacco Control Research in March 2012 which explores the role that packaging plays for tobacco products. When younger respondents were shown packs with plain tobacco packaging, and asked to state their perceptions of these packs, the reported findings are as follows: “The plain pack was rated overwhelmingly negative. Across the groups it was consistently viewed as ‘unappealing’, ‘not for someone like me’, unattractive’, ‘a pack I would not like to be seen with’, ‘not eye-catching’, ‘uncool’, ‘not stylish’, ‘unappealing for someone thinking of starting smoking’ (Centre for Tobacco Control Research, 2012, p. 37).

Regardless of any unintended impact on volumes what is clear is that the widespread introduction of plain packaging will dismantle the twin pillars of the tobacco industry's value growth strategy: pricing power and “premiumisation”, both of which rely on the capacity to communicate innovation and value addition to consumers (Euromonitor International, 2012).

2.6 Tobacco Display Ban (Cigarettes remain under-counter at place of purchase)

Several countries including Norway, Iceland, Ireland, Thailand and regions of Canada have already banned the open display of tobacco products in retail locations (Freeman et. al., 2007). The UK is on track to implement the roll-out of this legislation in the country in 2012 (Retail Gazette, 2012).

Tobacco display bans have been implemented in these countries in order to remove counter-top cigarette displays which are visible and eye-catching to vulnerable consumers including younge people, smokers of all ages who are trying to quit and former smokers (Freeman et. al., 2007). Evidence from Ireland, where the legislation has already been implemented, is that committed smokers still know where to buy cigarettes and didn't need to see the displays to decide what they wanted to buy (Retail Gazette, 2012).

In effect, the tobacco display ban will mean that retail establishments will hide cigarettes and other tobacco products under the counter or in closed cabinets, with tobacco goods never being displayed to the public, except on occasions when staff need to serve customers or when they are carrying out stock control or cleaning (Retail Gazette, 2012).

2.7 Previous Research Conducted on the Tobacco Industry

For ease of reading, the tobacco-related empirical research focusing on various determinants impacting on tobacco demand included in Van Walbeek's (2005) tabulation, has been grouped into six broad studies including the respective authors.

As some studies investigate one of more aspects, some author's names appear more than once under the six groups. The authors are listed under each of the five headings for reference purposes:

Table 2.2 Core Areas of Tobacco Research

Area of Research	Authors
Demand for household goods, including tobacco (income and price elasticity)	Stone (1945), Prest (1949), Koutsoyiannis (1963), Russell (1973), Peto (1974), Chapman and Richardson (1990), Andrews and Franke (1991),Valdes (1993), Tansel (1993), Reekie (1994), Townsend et al. (1994), Van Walbeek (1996), ETCSA South African study (1998), ETCSA Zimbabwe study (1998), Sayginsoy et al. (2000), Onder (2002), Arunatilate and Opatha (2003), Aloui (2003), Guidon et al. (2003), Kyaing (2003), Sarntisart (2003), Karki et al. (2003) and Nassar (2003).
The impact of Health publicity on cigarette consumption	Sumner (1971), Atkinson and Skegg (1973), Stavrinos (1987), Harrison and Chetwynd (1990), Tansel (1993), Townsend et al. (1994) and Bardsley and Olekalns (1999).
Evaluating the relationship between tobacco Advertising and cigarette consumption	McGuinness and Cowling (1975), Metra Consulting Group Ltd (1979), Witt and Pass (1981), Leeflang and Reuijl (1985), Johnson (1986), Chetwynd et al. (1988), Harrison and Chetwynd (1990), Duffy (1991), Andrews and Franke (1991), Laugesen and Meads (1991), Stewart (1993a), Simester and Brodie (1994), Wilcox et al. (1994), ETCSA South Africa (1998) Bardsley and Olekalns (1999).
Rational Addiction	Cameron (1997) and Bardsley and Olekalns (1999), Cameron (1997) and Bardsley and Olekalns (1999).

2.8 Definitions and Concepts

2.8.1 Definition of a Product versus a Brand

According to Kotler (1991) a product is anything that can be offered to market for attention, acquisition, use of consumption that might satisfy a need or a want, for example a car or tennis racquet. Keller (2003) states that what distinguishes a brand from a product and gives it equity, is the sum total of consumers' perceptions and feelings about the product's attributes and how they perform, about the brand name and what is stands for and about the company associated with the brand. By creating perceived differences among products through branding and developing a loyal consumer franchise, marketers create value that can translate into financial profits for the firm (Keller, 2003). Thus a brand is a valued intangible asset that needs to be managed carefully.

Batey (2008) cited in Fihla (2009) elicits the differences between a product and a brand as follows:

- You buy a product for what it does; you choose a brand for what it means.
- A product sits on retailer's shelves; a brand exists in consumers' minds.
- A product can quickly be outdated; a brand is timeless.
- A product can be copied by a competitor; a brand is unique.

2.8.2 Definition of a Brand

According to the American Marketing Association (AMA), a brand is a name, symbol, term, sign, design, or a combination of them which is intended to identify the goods and services of one seller or group of sellers and differentiate them from those of their competitors (American Marketing Association, 2012).

2.9 Benefits of a strong brand

Brands represent tremendously valuable pieces of legal property for any company - brands are capable of influencing consumer behaviour; are a source of competitive advantage and are an easily identifiable means of tracking and handling products sold at an operational level (Keller, 2003). In addition, they can be a critical source of financial returns - by building strong brands in the market, companies can charge a price premium for their products, and they can build strong barriers to entry in the market place resulting in growth of their market share (Keller, 2003).

The strongest brands in the world own a place in the consumer's mind, and when it is mentioned, almost everyone thinks the same things (Davis, 2000). The key to sustainable competitive advantage is to achieve growth objectives faster and greater profitably which is achieved through brand loyalty (Davis, 2000).

2.9.1 Brands provide a short-hand simplification for their product decisions

Brands allow a consumer to identify the maker of a product and based on past experience with a product, learn about which brands satisfy their needs and which do not (Keller, 2003). Hence brands provide a shorthand simplification for their product decisions – allowing consumers to be convinced that not all product offerings in a certain category are the same and to be able to perceive that different points of difference exist (Keller, 2003).

Consumers who recognise a brand name, and have some knowledge about the brand, do not have to engage in extensive thought processing in order to come to a final product decisions. This means that brands allow consumers to lower their search costs for products (Keller, 2003).

Interbrand, in their 2012 article entitled ‘What’s in store for 2012’, argue that brand value and selection are facing scrutiny like never before as consumers are more likely to choose, and subsequently remain loyal to, brands whose packaging provides both clarity and substance on shelf. There will no longer be a situation of battling claims messages, overstated facts and figures, marketing jargon, or hollow slogans; instead the true value of a brand will have to win out on-pack, in the store, and in consumers’ lives (Interbrand, 2012).

2.9.2 Brands reduce risk

Keller (2003) states that brands reduce risk in the consumers mind, as they can have a reasonable expectation about what to expect from the brand in terms of its quality, product characteristics etc. Ideally this will result in preferred brands remaining top of mind for a consumer – asking for the brand by name, and hence translating into repeat purchases (Keller, 2003).

2.9.3 Brands promise a specific performance level

If a brand can continuously fulfil its promise in terms of performance, customer satisfaction etc., it can create a very strong bond between the brand and consumer (Keller, 2003). Consumers will offer their trust and loyalty to the brand with the expectation that the brand will behave in a certain way, to the extent that as long as consumers derive satisfaction from product consumption, they are likely to continue to buy it (Keller, 2003).

2.9.4 Brands can project a purchaser's personae

Brands also allow consumers an opportunity to project their self-image, in terms of the brands that they choose (Keller, 2003). By choosing a certain type of clothing brand for example, at a glance, they can signal to others the type of person they are or aspire to be. In summary, brands can assume a unique personal meaning to consumers, and in a world in which consumers lives become more complicated and rushed, it is the ability of the brand to satisfy decision making and reducing risk for consumers, consistently delivering on their promise (Keller, 2003).

2.9.5 Brands can benefit an organisation

2.9.5.1 Brands provide product differentiation

From a sales and marketing perspective, a brand name allows the company to differentiate their products from others in the same segment, and endow the product with unique meaning and associations in the consumers mind (Keller, 2003).

2.9.5.2 Brands signify legal title and property rights

From a legal perspective, a brand gives legal title to the brand owner by retaining intellectual property rights (Keller, 2003). This is achieved by the brand name being protected through registered trademarks and ensures that the firm can safely invest in the brand and reap the benefits of a brand asset at minimal risk (Keller, 2003).

2.9.5.3 Brands can generate customer loyalty

Brands allow companies to generate tremendous brand loyalty in the market thus allowing them to be less vulnerable to competitor activity in the same segment (Kotler and Keller, 2006). Strong brands also allow for greater margins and an inelastic response to price increases (Kotler and Keller, 2006).

2.9.5.4 Brands allow for easier entry into new segments / markets

Strong brands allow for ease of entry into new markets or segments, as consumers or trade buyers know the brand name and brand value (Keller, 2003). In this way, a strong brand allows for greater trade co-operation and support, either when engaging in brand extension or a new route to market (Keller, 2003).

2.9.6 Brands Can Benefit the Retail Environment

2.9.6.1What do brands mean for retail stores?

Stores remain the hub of the retail industry's value proposition—the places where customers can actually see, touch and feel what's for sale. Leading retailers ensure that their stores deliver on their brand promise (Accenture Retail Research, 2007). They have an exceptionally clear understanding of the needs and expectations of their customers—especially customers who are most profitable and they use that knowledge to create a totally customer-centric store environment (Accenture Retail Research, 2007). Winning retailers procure and create products at the right price, bringing them to market almost before customers realize they want them (Accenture Retail Research, 2007).

In a fast-moving consumer goods environment (FMCG), part of the normal route to market for all products and brands is through retail and wholesale stores (Accenture Retail Research, 2007). These distribution channels allow companies the ability to have their product available for sale on shelf, displayed with a price tag, in sufficient quantities to satisfy demand (Accenture Retail Research, 2007). The object for companies is to have the right product, at the right price, in the right quantity for each specific retail store or group and in this way, convert their products or brands into sales for the company (Accenture Retail Research, 2007).

2.9.6.2 Brands can drive increased foot-trade and increased sales

To the retailer or any other channel member who is distributing the products, brands provide important functions - they can generate consumer interest, increase feet through the door which can hopefully be converted that into sales for the retailer; brands drive store loyalty due to the type of brands stocked and thus positioning the retailer in the mind of the consumer in a favourable manner (Keller, 2003).

2.9.6.3 Brands allow retailers to create their own brand image

In other words, retailers can create their own brand image through the brands which they stock, their product assortment, their merchandising of products on shelf, the quality of their service as well as their pricing (Keller, 2003). Ultimately, for retailers, the appeal and attracting of strong brands results in higher price margins, increased sales volumes and greater profits (Keller, 2003).

2.10 Brand Loyalty

Brands might differ with respect to the level of loyalty and /or the size of their loyal consumer segment (Empen, Loy and Weiss, 2011), however, a strong brand can only exist if it has a strong supply of brand loyal customers (Fang, Habel and Rungie, 2009). Many studies have found a predictable relationship between the number of people who buy a brand (its penetration) and how often those buyer buy it defined as the purchase frequency or share of category requirements (Uncle, Dowling and Hammond, 2003).

Loyalty may be generated by a product which offers quality for its price; or it may have the features which will satisfy consumer's needs (Fang, Habel and Rungie, 2009). A strong brand has either customers who accept a high price differential before they switch to another brand or a large brand has many loyal customers (large loyal segment) (Empen et al., 2011). Brand loyalty is what makes brands worth millions or billions of dollars (Terblanche, 2002) citing Mariotti (1999).

2.10.1 Definition of Brand Loyalty

A.J. O'Reilly, CEO of H.J Heinz Company says that his acid test on the issue of brand loyalty is whether someone intending to buy Heinz Tomato Ketchup in a store, finding it to be out of stock, will walk out of the store to buy it elsewhere (Verbeke, Farris and Thurik (1997).

Other definitions of brand loyalty include:

Brand loyalty can be described as a consumers' attitude or behaviour that directly effects the consumption decision (Empen, Loy and Weiss, 2011).

Oliver (1997) defined loyalty as a deeply held commitment to repurchase or repatronise a preferred product or service consistently in the future leading to repetitive same-brand or same brand-set purchasing, despite any situational influences and / or marketing efforts that could have the potential to bring about switching behaviour. In addition, it is the consumer who fervently desires to rebuy a product and will have no other product and who will pursue this quest against all odds and at all costs. This latter condition defines ultimate loyalty (Oliver, 1999).

Bloemer and Kasper (1995) as cited by Yee and Sidek (2008) define true brand loyalty as having six necessary conditions which are: 1) the biased (i.e. non-random); 2) behavioural response (i.e. purchase); 3) expressed over time; 4) by some decision-making unit; 5) with respect to one or more alternative brands out of a set of such brands; and 6) a function of psychological processes. True brand loyalty exists when customers have a high relative attitude toward the brand exhibited through repurchase behaviour (Yee and Sidek, 2008). This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, may cost less to serve and can bring in new customers to the firm (Reichheld and Sasser (1990) as cited by Yee and Sidek (2008).

2.10.2 Cigarette Brand Loyalty

In terms of the definition of brand loyalty with regards to cigarettes, Dawes (2012) states that survey studies of cigarette brand usage often rely on questions about the brand usually bought, and whether the respondent has switched from another brand in the preceding year.

Dawes (2012), citing three researchers, states that firstly, Cummings et al. (1997) found that only 10% of smokers switched their major brand from year to year and secondly, citing Siegel et al. (1996) whose findings indicated a similar brand switching figure of 9% from an extensive survey of US adult smokers and lastly, Dawes (2012) citing Mecredy et al. (2011) found a rate of 24% switching cigarette type per year in Canada. In terms of cigarette brand loyalty, Kristinsdóttir (2010) citing Alsop (1989) states that smokers are well known to be extremely loyal to their brands and that brand loyalty in the cigarette industry is the highest amongst all consumer products.

Dawes (2012) citing Uncles et al. (1994), states purchase loyalty of cigarettes is very high compared to other consumer goods which is typically in the 30% - 37% loyalty range. Dawes (2012), in his research, found that cigarette brand loyalty averaged at 60%, which is very high in comparison to the consumer goods average loyalty. Extremely high brand loyalty of smokers is caused by the strong “satisfaction” which the nicotine in the cigarettes provides to those addicted to it and this kind of brand loyalty is very hard to beat (Kristinsdóttir, 2010) citing Pollay (2010).

2.10.3 Benefits of Brand Loyalty

Brand loyalty encourages customers to search for their preferred brand, gives companies the option of premium pricing, drives higher sales volumes and can create significant equity for a firm (Kristinsdóttir, 2010). In addition, loyal brand users spread positive word of mouth about their preferred brand, defend their brand in arguments and discussions as well as talk competitive brands down (Raju, Unnava and Montgomery 2009).This suggests that brand loyalty to one brand, not only influences the brand positively, but could also have negative effects on competitor brands (Raju et al. 2009).

In addition, Dawes (2012) describes the Double Jeopardy effect, whereby larger brands tend to enjoy somewhat higher loyalty. The main argument of the Double Jeopardy effect is that a bigger or more popular brand enjoys double benefits—higher market penetration and higher buying frequency and loyalty— while a smaller or less popular brand faces fewer buyers and these fewer buyers are somewhat less loyal to the brand (Yang, Bil and Zhou, 2005 citing Ehrenberg and Goodhardt, 2002).

2.10.4 The constructs of Brand Loyalty

There a various factors that influence consumer brand loyalty some of which include brand name, product quality, price, promotion, design and service quality (Khraim, 2011) citing Lua et.al. (2006). Other factors which influence brand loyalty include brand awareness which affects consumer loyalty and decision-making by influencing the formation and strength of brand associations in terms of the brand image (Subhani and Osman, 2009). In addition, brand identity or image determines the degree of brand loyalty by tailoring the needs and wants of a target market by using the marketing mix of product, price, place, and promotion (Wood, 2000).

2.10.4.1 Brand Name

The development of a brand name is an essential part of the creation of an image or development of a brand identity process since the name is the basis of a brand's image (Khraim, 2011) citing Kohli and Thakor (1997). Consumers may prefer to trust major famous brand names as these prestigious brand names and their images attract consumers to purchase the brand and bring about repeat purchasing behaviour and reduce price related switching behaviours (Khraim, 2011) citing Cadogan and Foster (2000).

2.10.4.2 Brand Awareness

Brand awareness refers to the strength of a brand's presence in the consumers mind - it is a measure of the percentage of the target market that is aware of a brand name (Subhani and Osman, 2009) citing Bovee et al. (1995). Raising brand awareness increases the likelihood that the brand will be a member of the consideration set (Subhani and Osman, 2009) citing Baker et al. (1986). This means that consumers tend to respond strongly to brands they are aware of and may decide to buy only familiar, well established brands (Subhani and Osman, 2009). Brand awareness is an asset that can be inordinately durable and sustainable – it can prove to be extremely difficult to dislodge a brand that has achieved a dominant awareness level (Subhani and Osman, 2009) citing Aaker (1996).

2.10.4.3 Brand Image and Identity

Bigne et al. (2001) as cited by Faullant et al. (2008) propose that image impacts simultaneously on three components, namely perceived quality, satisfaction and loyalty intentions. Image can easily leave long-lasting impressions on customers and a truly successful one creates a positive image of, and preference for, its brand (Grinnell, n.d).

Kotler et al. (1996) as cited in Faullant et al. (2008) state that the impact of image on loyalty assumes the following sequence: image, leading to quality leading to satisfaction post-purchase behaviour. Keller (2003) as cited by Suh and Yi (2006) state that companies often attempt to establish favourable, unique, and strong associations with a product through messages to consumers. Advertising is a powerful medium in which to achieve this (Suh and Yi, 2006). Brand beliefs and feelings are formed through advertising, and these beliefs ultimately affect attitudes towards the advertised brands and purchase intentions (Suh and Yi, 2006).

2.10.4.4 Brand Positioning

Davis (2000), states that a strong brand position will ensure that the brand has a unique, credible, valued and sustainable place in the customer's mind. Brand positioning can be defined as an activity of creating a brand offer in such a manner that it occupies a distinctive place in the target customer's mind by outlining the uniqueness of the brand, it's similarity with competitive brands, as well as the reasons for buying and using that specific brand (Davis, 2000).

2.10.4.5 Pricing

Yee and Sidek (2008) citing Cadogan and Foster (2000) state that price is probably the most important consideration for the average consumer. Buyers generally have a range of acceptable prices for considering purchases, thus buyers may not purchase a product when price is perceived to be too high or when price is perceived to be too low (Indrayani, Siringoringo and Sapatariani, 2008). Hence, consumers' satisfaction can also be built by comparing price with perceived costs and values (He and Li, 2011). If the perceived values of the product are greater than cost, it is observed that consumers will purchase that product (He and Li, 2011). He and Li (2011) further state that consumers with high brand loyalty are willing to pay a premium price for their favoured brand, so, their purchase intention is not easily affected by price. In addition, long-term relationships of service loyalty make loyal customers more price tolerant, since loyalty discourages customers from making price comparison with other products by shopping around (He and Li, 2011).

While demand for tobacco products is not as elastic as demand for many other consumer products research has consistently demonstrated that increases in the price of tobacco products are followed by moderate falls in both the percentage of people smoking and the amount or number of tobacco products that remaining smokers consume (Tobacco in Australia, 2012).

2.10.4.6 Price Specials / Promotions / Discounts

Promotion is considered as one of the most important factors in determining a consumers' brand loyalty and hence promotion and brand loyalty can be positively related as it can result in consumers paying a lot of attention to store attributes such as merchandise displays and the variety of selection (Khraim, 2011).

Promotional price elasticities differ across categories and depending on the promotion instruments used. A distinction can be made between price and non-price promotions (Gedenk, Neslin and Ailawadi, 2006) and include amongst others, aspects such as promotion packs or multi-item promotions e.g. buy two for a discounted price (Gedenk et al. 2006). There is a trade-off between either charging a higher price to loyal customers or being the low-price alternative in the market to win the shoppers or customers that are normally loyal to other brands, for example by offering high discounts or frequent discounts (Empen et al., 2011).

Sales for a promoted brand can increase during the promotion, inducing customers who normally do not use that brand (new users) or inducing customers to move their purchases forward in time (purchase acceleration). Narasimhan, Neslin and Sen (1996) as cited by Gedenk et al. (2006), report that a 15% ‘unsupported’ price cut yields a sales increase of 34%, whereas a 15% price cut supported by a product display generates a 293% increase (Gedenk et al. 2006). However, Empen et al. (2011) argue that there is a negative impact of the degree of brand loyalty on the aggressiveness of promotions strategies. Gedenk et al. (2006) concur stating that temporary price cuts or bundle offers increase price sensitivity and decrease repurchase probabilities leading to a negative relationship between promotion and brand loyalty.

2.10.4.7 Service Quality

During the past few decades, service quality has become a major area of attention to organisations, owing to its strong impact on customer loyalty, business performance, lower costs, customer satisfaction and profitability (Seth and Deshmukh, 2005). Bayol, Foye, Tellier and Tenenhaus (2000) quantify quality as comprising of, amongst others, the range of products and services offered. The ECSI (European customer Satisfaction Index) model divides quality into two elements: ‘hardware’ consisting of the quality of the product or service attributes (such as product availability) for example and ‘human ware’ which represents the associated customer interactive elements in service (Kuusik, 2007 citing Gronholdt et al. 2000). In this model, increased satisfaction in the levels of quality should increase customer loyalty, and when satisfaction with these service elements is low, customers have the option to defect to a competitor. Service quality could in turn, strengthen consumers’ positive brand associations leading to strengthened brand equity (He and Li, 2011). It can therefore be ascertained that service quality and brand loyalty had a positive relationship (Khraim, 2011).

2.10.4.8 Customer Satisfaction

Over the last decade a considerable amount of research has investigated the relation between customer satisfaction and loyalty (Suh and Yi, 2006). The direct effects of customer satisfaction on brand loyalty are stronger when product involvement is low and stronger when product involvement is high. This would suggest that customer satisfaction influences loyalty (Suh and Yi, 2006). However, Mittal and Kamakura (2001) as cited by Suh and Yi (2006) argue that the translation of average satisfaction ratings into repurchase behaviour can depend on consumers' demographic characteristics, such as age or education.

2.10.4.9 Product quality

Product Quality encompasses the features and characteristics of a product or service so as to satisfy the stated or implied needs. In other words, product quality is defined as fitness for use or conformance to requirement (Russell and Taylor, 2006) as cited by (Khraim, 2011). Consumers may repeat the purchase of single brands or switch around several brands due to the tangible quality of the product sold (Yee & Sidek, 2008). Quality consciousness is defined as an awareness of and desire for high quality products, and the need to make the best or perfect choice versus buying the first product or brand available (Yee & Sidek, 2008). In addition, consumers may repeat the purchase of brands or switch around several brands due to the tangible quality of the product sold (Khraim, 2011).

2.10.4.10 Packaging and Innovation

- **Packaging**

Great package design substantially increases the value perception of a brand thereby building consumer loyalty and commanding a higher retail price (Mininni, 2012). Consumers expect to pay more for innovatively designed products and great packaging because there is more perceived value (Mininni, 2012). Packaging has long been recognised as a powerful and effective marketing tool across consumer products (Centre for Tobacco Control Research, 2012). Packaging differentiates brands, which is of particular importance in a homogenous consumer goods category such as cigarettes (Freeman et al., 2007).

Tobacco packaging has multiple functions for tobacco companies beyond that of brand identification, navigation and selection (Centre for Tobacco Control Research, 2012). In effect, it is used to promote the product using the same strategies employed by other consumer goods manufacturers, specifically packaging innovation and design (Centre for Tobacco Control Research, 2012). Packaging is viewed as a key marketing tool for tobacco companies as it has wider reach than advertising and it is the most explicit link between the company and the consumer (Centre for Tobacco Control Research, 2012).

Cigarette packaging strategies such as innovation, design and value packaging have a clear promotional and segmentational purpose, while individual design elements such as colour, shape and size can influence consumer responses and purchase and consumption behaviour (Centre for Tobacco Control Research 2012). In fact, 'Imperial Tobacco Ltd's vice president of marketing agreed that packaging was vital in marketing cigarettes' as 'it is very difficult for people to discriminate' between brands in a blind test (Freeman et al., 2007 p.9). 'Put it in a package and put a name on it, then it has a lot of product characteristics' (Freeman et al., 2007 p.9).

In addition, cigarette packaging attracts attention on shelf - it aids in product positioning and stand-out on shelf, it is a source of competitive advantage, plays a role in terms of consumer decision making and ultimately influences purchase. It is the silent salesman that reaches out to consumers (Centre for Tobacco Control Research, 2012). Tobacco companies design cigarette packs to appeal to purchasers – those people already smoking their brand, those who are currently smoking a competitors' brand as well as those who are as yet not smoking, but who could be persuaded to start (Freeman et. al, 2007).

Tobacco packaging has become the primary vehicle for communicating brand image as it is through the use of colour, fonts, images and trademarks, that a cigarette pack projects a brand image that says something about the user of the product (Centre for Behavioural Research in Cancer, 2008). Unlike most other consumer products, cigarette packs remain with users once opened and are repeatedly displayed in social situations, serving as a direct form of mobile advertising for the brand (Centre for Behavioural Research in Cancer, 2008). Tobacco companies invest significant resources into designing cigarette packs which communicate a particular message to specific demographic groups (Freeman et al., 2007).

Packaging is also the only way in which to communicate new brands, and the fact that brands can be launched successfully in a dark market (highly legislated market), indicates its strength (Centre for Tobacco Control Research, 2012).

- **Innovation**

Companies have always seen innovation and new product development (NPD) as a way of boosting brand performance, keeping existing customers loyal and attracting new ones (Euromonitor International Innovation Article, 2011). Marketing restrictions in the tobacco industry have produced a more direct relationship between innovation and sales (Euromonitor International Innovation Article, 2011). In this market where the media advertising, sponsorship, point of sale advertising, product placement, even display is either banned or restricted, product innovation becomes critical (Euromonitor International Innovation Article, 2011).

In fact, BAT in their 2010 Annual Report, has for the first time quantified the contribution which innovation makes towards sales – stating that 10 % of all sales in 2010 came from innovations made over the previous 3 years (Euromonitor International Innovation Article, 2011). The pace of new product development in the tobacco industry is likely to accelerate as companies race to cement the qualities of their new brands in the consumer mind before price rises cause brand loyalty to waver (Euromonitor International Innovation Article, 2011).

2.10.4.11 Brand and Product Attributes

Research has indicated that brand attributes are viewed as important elements in a consumer's decision-making (Khraim, 2011).

Consumers have different preferences for product characteristics or attributes which is dependent upon both the nature of the product as well as the consumers' socioeconomic nature (Kristinsdóttir, 2010) citing Gwin and Gwin (2003). Consumers choose among the more basic attributes of the products and compare them on that basis, and by understanding the reason behind the choice of a given product based on its attributes, it can assist in understanding why consumers prefer certain brands (Kristinsdóttir, 2010).

Brand elements are trademark-able devices that serve to identify and differentiate the brand and include brand names, logos and symbols, packaging and signage, slogans and jingles and characters (Keller, 2003). These elements are measured against memorability, meaningfulness, likeability, protectability, adaptability, and transferability (Keller, 2003). Rajaguru and Mathanda (2006) who studied the effects of product attributes on consumer loyalty found that quality, price and product availability had a substantial influence on customer loyalty.

Product attributes included in Kristindottirs' research are tar and nicotine content, taste, thickness, and cigarette length with the general assumption that each attribute will in some way affect the brand loyalty of smokers (Kristinsdóttir, 2010). Other attributes could include price, packaging (design, shape, colour, brand name).

2.11 Definition of Brand Aversion / Brand Disloyalty

Brand aversion is an antonym of brand loyalty. It is when consumer experiences distrust or a disliking of products from a particular brand based on past experiences with that brand and its products, similar to taste aversion (Aaker, 1991).

2.12 Brand Switching Behaviour (Brand Disloyalty)

Keiningham, Vavra, Aksoy and Wallard (2005) give three reasons for why consumers switch brands: namely, their preferred brand being out of stock, or when a competing brand offers better value due to a special promotion or due to different occasions dictating the need for products of differing levels of quality.

Kristinsdóttir (2010) citing Alsop (1989) states that the percentage of smokers that switch from one type of cigarettes to another is less than 10% every year even when consumers move their preferences within the brand family, e.g. switch out a normal version of cigarettes to a lighter version. Cummings et. al., (1997) cited in Dawes (2012) concur stating that only 10 % of smokers aid they switched their primary brand compared to last year. However, Mecredy et al., (2011) as cited in Dawes (2012) found that 24% of smokers switched the brands over the last year.

When consumers are confronted by a new or resurgent competitor providing compelling reasons to *switch*, their ties to the brand may be tested for the first time (Aaker, 1991). The attachment a consumer has to a brand is a measure of brand loyalty and reflects how likely the consumer is to switch to another brand, especially when the brand is changed, either in price or product features (Aaker, 1991). A customer could be pushed to switch to a competitor due to factors related to the supplier's performance, changes in the customer's situation (push factors) or an attractive expected outcome (pull factors) (Naumann, Haverila, Khan and Williams, 2010).

Push Factors

Naumann et al. (2010), further state that push factors could be related to poor value delivery by the supplier such as high perceived prices or unmet expectations and could lead a much higher propensity to switch brands or service providers. Conversely performance excellence could lead to high customer satisfaction levels and a much lower propensity to switch. The implication is that highly satisfied customers are not likely to be 'pushed' to a competitor (Naumann et al., 2010). External push factors are factors external to the supplier that can change a customer's decision-making process such as a loss of income which could necessitate a change in purchase patterns – perhaps causing the customer to search for a lower-cost alternative (Naumann et al., 2010).

Pull Factors

'Pull' factors in switching behaviour are related to the presence and attractiveness of alternatives such as a lower price or the appearance of an alternate product or service provider with an improved reputation, image or experience (Naumann, et al. 2010). The implication is that a customer is more likely to be 'pulled' to a competitor by a significant benefit that they are not getting from their current supplier and have a much stronger influence on repurchase intent compared to push factors (Naumann, et al., 2010).

2.13 The impact of Brand Non-Availability on Brand Loyalty

Hofmeyr & Rice (2000) state that a brand having an in-store position (on shelf) and relative pricing does not help a brand if the consumers are looking to purchase a brand, but it is unavailable.

When consumers are confronted with OOS situations of their brand, they might be willing to invest behavioural efforts in going to another store in order to acquire their preferred brand, however, somewhere along the line, consumers make a pay-off decision between the distance they are willing to travel and the satisfaction they might attain by getting their preferred brand (Verbeke, Farris and Thurik, 1997) citing Corstjens and Corstjens (1995).

Verbeke et al. (1997) citing Emmelheinz et al. (1991) state that 32% of consumers change brands in response to an out of stock (OOS) situation at store level, with 14% of consumers going to another store in order to purchase the desired brand and 12% delaying purchase at that occasion (Verbeke et al. 1997). In addition Verbeke et al. cite Emmelheinz et al. (1991) the urgency of a consumer to a buy a brand increased the likelihood of consumers' switching brands should their brand be OOS at store level (Verbeke et al. 1997). However, Verbeke et al. (1997) in their own research found something quite different – their research findings indicated that there was a much higher percentage of loyal consumers who were not willing to switch brands (45%) when their preferred brand was OOS. Instead, 24% (of the 45%) were willing to go to another store to purchase their brand and 21% (of the 45%) would postpone purchase (Verbeke et al., 1997).

2.14 Purchase Pattern Behaviour

2.14.1 Definition of purchase patterns

The typical manner in which consumers purchase goods or services (or firms place their purchase orders) in terms of amount, frequency, timing, etc. (Business Dictionary, 2012).

2.14.2 Consumer Behaviour

Consumer behaviour is habitual because habits are safe and familiar. At first, consumers will buy the brand, and after that, if they are satisfied with that brand, they will buy more often and then it becomes a habit, (Fang et al., 2009).

It is equally important to understand what compels the consumer to actually make a purchase, as opposed to just generating interest (Business Consumer Behaviour, 2012). Product attributes (qualities such as price, size, nutritional value, durability, etc.) are often compared disproportionately, i.e., one is the more focal subject of comparison, thus eliciting more consideration when the consumer decides which brand is the best (Business Consumer Behaviour, 2012).

Adding to the complexity of the issue is the fact that purchase decisions are not always made on the basis of an "attribute-by-attribute" comparison, consumers also make decisions based on an overall evaluation of their impressions, intuition and knowledge based on past experience (Business Consumer Behaviour, 2012). Other contributing factors are personality differences and each individual's need for cognition - people with a high need for cognition tend to evaluate more and make more optimal in-store purchase decisions (Business Consumer Behaviour, 2012). This is in part because they do not react to displays and in-store promotions unless significant price reductions are offered. Low-need cognition people react easily when a product is put on promotion regardless of the discount offered (Business Consumer Behaviour, 2012).

Other factors that influence purchase decisions include the importance attributed to the decision - people are not likely to take as much time doing brand comparisons of mouthwash as they are a new car. The importance of the purchase, as well as the risk involved, adds to how much time and effort will be spent evaluating the merits of each product or service under consideration. In some cases, consumers make very little effort to evaluate product choices. Habitual evaluation refers to a state in which the consumer disregards marketing materials placed in a store, whether because of brand loyalty, lack of time, or some other reason (Business Consumer Behaviour, 2012).

2.14.3 Consumer purchase behaviour in South Africa

2.14.3.1 Purchase frequency

Seventy percent of shoppers polled indicated that they prefer to do their main grocery shopping on a monthly basis, while 30 percent shop at least two to three times per week to top-up on groceries and 23 percent top-up once a week (Nielson, 2012). Spaza shops are the most frequented outlets being visited four to five times per week, followed by supermarkets one to two times per week (Nielson, 2012).

2.14.3.2 Pricing and Promotional Purchase Patterns

Nielsen's Shopper Trends Report , which provides insights into the grocery shopping habits of consumers in South Africa, has revealed that more than two thirds of South African grocery shoppers are extremely price conscious when it comes to groceries (Nielson, 2012). More than one quarter of South African grocery shoppers claim to know all of the prices of grocery items they regularly purchase, while 41 percent know the price of most items they buy on a regular basis and always notice price fluctuations (Nielson, 2012).

The majority of grocery shoppers report a preference for actively seeking promotions within their usual grocery store, with price discounting identified as the most popular promotional activity. In terms of determining choice of grocery store, shoppers rank value for money, practical shopping trips and low prices as the most important drivers of store choice (Nielson, 2012).

2.15 Brand Loyalty of South African Shoppers

South Africa grocery shoppers were unlikely to change their choice of branded products - 57 percent of shoppers occasionally trial new brands or products, but usually stuck to their favourite brands and products while a further 17 percent prefer to stick with familiar products (Nielson, 2012).

2.16 Conclusion

The literature review included aspects pertaining to the South African and International tobacco industry, the illicit tobacco trade as well as specific tobacco legislation. The two examples of tobacco legislation discussed included under-counter legislation and plain packaging legislation as well as the reaction of the global tobacco manufacturers to these proposed legislative changes. Brand related aspect such as definitions and discussions on branding; the definition and constructs of brand Loyalty and the definition of brand aversion. Lastly consumer behaviour is defined and aspects related to the consumer behaviour patterns in South Africa are discussed.

In the following chapter, the research methodology is discussed in length.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the aims and objectives of the study, population, sample size, geographic regions selected and the reasons therefore are discussed. In addition, the data collection process, as well as the validity and reliability aspects of the research are addressed. The fieldwork process and fieldworker training are discussed in detail, followed by the ethical issues which were addressed.

3.2. Aim and Objectives of the Study

The study aimed to identify the cigarette purchase patterns of Gauteng smokers so as to understand aspects of brand loyalty in Gauteng cigarette market. In addition factors which could impact upon the purchase patterns of Gauteng smokers are investigated and specific brand and product attributes which are viewed favourable by Gauteng smokers have been identified. Last, but not least, the study aimed to understand the potential impact of plain packaging legislation and under-counter legislation on the cigarette purchase patterns of Gauteng smokers, should the laws be passed in South Africa

The key objectives of the study were to:

- Understand the cigarette purchase patterns of Gauteng brand Loyal and brand Disloyal smokers.
- Determine what percentage of Gauteng smokers are brand Loyal versus brand Disloyal.
- Determine whether brand awareness affects the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers.
- Identify specific product attributes which are valued by brand Loyal and brand Disloyal Gauteng smokers, which could ultimately influence their purchase patterns.
- Determine what impact specific scenarios might have on brand Loyal Gauteng smokers' cigarette purchase patterns:
- Determine whether cigarette purchase patterns of brand Loyal Gauteng smokers might change when faced with stringent anti-tobacco legislative changes.

3.3 Study Design

This was a descriptive cross - sectional study in which the fieldwork was conducted over a three week period from 1st of March 2012 to 20th of March 2012. The benefit of a cross-sectional study design is that it allows researchers to compare many different variables at the same time such as age, gender, income and educational level without incurring significant costs (Institute for Work and Health, 2012).

3.4 Research Approach

3.4.1 Quantitative Research

Quantitative research uses methods adopted from the physical sciences that are designed to ensure objectivity, generalisability and reliability. These techniques cover the standardised questionnaire or intervention they receive and the statistical methods used to test predetermined hypotheses regarding the relationships between specific variables. The strengths of the quantitative paradigm are that its methods produce quantifiable, reliable data that are usually generalisable to some larger population. Quantitative measures are often most appropriate for conducting needs assessments or for evaluations comparing outcomes with baseline data (Weinreich, 1996).

3.4.2 Qualitative Research

Qualitative data, on the other hand, tends to go beyond hard numbers and requires subjective analysis. This is usually achieved through more open-ended personal interviews. Focus groups, interviews and open-ended questions are all forms of qualitative research (Bailey, 1987).

3.4.3 Combination of Qualitative and Quantitative

This research methodology, whilst largely quantitative in nature, has a few open-ended questions in order to elicit a little more depth and detail on some aspects. The use of a multi-method research secures a greater insight than the other more common single method (Cooper and Schindler, 2006).

3.4.4 Research Methodology Adopted for this Research

In order to conduct this research, primary data was collected in the form of questionnaires which were completed by researchers interviewing men and woman who smoke, outside shopping centres in specific areas of Gauteng. Each questionnaire comprised of a total of 38 questions of which 33 questions were quantitative and 5 were qualitative. A total of 103 questionnaires were completed and used for analysis purposes.

3.5 Sampling

3.5.1 Sample Population

The sample population was comprised of 103 cigarette smokers in Gauteng across the following groups:

- Race groups: Black, White, Indian, Coloured;
- Gender Groups: Female and Male
- Age groups: 18-24; 25-34, 35-49 and +50
- Income groups: Less than R5,000, R5,000 – R15,000, R15,001 – R25,000, and R25,000 and above.

The Gauteng region was selected as this region contributes 33% to the national gross domestic product (GDP) of South Africa (www.southafrica.co.za).

The selection criteria for participants included:

- They needed to be smokers
- Eighteen years of age, or older
- To have smoked on one or more cigarettes in the 30 days preceding the survey
- To be willing to participate in the research project

These criteria were included for the following reasons:

- The current legal smoking age for South Africans is eighteen years
- By smoking at least one or more cigarettes in the 30 days preceding the survey, it would indicate that they are at least occasional smokers.

In addition, non-smokers and people who worked for a tobacco company or any allied industries were automatically excluded.

3.5.2 Target Population

There are 6.3 million adult smokers (those aged 18 years and older) in South Africa who consume 21 billion sticks per annum (Tobacco Institute of Southern Africa, 2012). This study however is constrained to Gauteng adult smokers only. It has been ascertained that Gauteng's percentage contribution to the total population in South Africa, is 22% (www.statssa.co.za), hence, the 103 respondents, represent approximately 1% of the total Gauteng adult smoking population . Whilst this will not show a complete picture of the smoking patterns in Gauteng, it does however show trends in overall cigarette preference / consumption / awareness in the areas where data has been gathered from.

In addition, a sample of 103 people, representing approximately 1% of an estimated population group is an extremely small sample, and despite Sekaran and other authors being of the view that sample sizes of 30 or more are such that findings can be generalised to the wider population, it is suggested that generalising the findings would be risky and that the recommendations made, if applied, must be done with caution.

High Income areas, medium income areas and low income areas were included across certain areas across North, South, West and East Gauteng so as to give a cross-sectional view of the population income groups. Due to time and cost restraints, the research was further narrowed to Roodepoort, Krugersdorp, Lenasia, Wendywood, Sharonlea, Everdale, Honeydew, Allans Neck, Belvista, Ferndale, Warden Gallo Manor, Alberton, Brakpan, Randburg, and Johannesburg central and Honeydew. In addition, two specific geographic areas which consist of predominantly black residents were included, namely Soweto and Alexandra.

3.5.3 Sample Size

The sample size comprised of 103 cigarette smokers. In a quantitative research study it is important to have a large enough sample to ensure that one's results are statistically sound (Struwig and Stead, 2004). Any study with less than thirty respondents is statistically unsound and as such, its results cannot be applied to all cases / generalised in the field with a degree of certainty (Sekaran, 2003).

3.5.4 Sample Selection

Sampling techniques can be divided into two types – probability (representative) sampling and non-probability (judgmental sampling) according to Saunders, Lewis and Thornhill, (2000). Unlike probability sampling in which select samples randomly in a pool of population, non-probability sampling looks for participants on purpose (Babbie, 2004). A potential challenge when utilising non-probability sampling is to compensate for the opportunity for bias to appear in the sample selection (Babbie, 2004).

In purposive sampling, there is usually a very clear purpose in mind, for example when one is looking for specific predefined groups of people (Research Methods, 2012). Purposive sampling can be very useful for situations where one needs to reach a targeted sample and where one is likely to get the opinions of your target population (Research Methods, 2012). However, a limitation could be that one is also likely to overweight subgroups in one's population that are more readily accessible (Research Methods, 2012).

For the purposes of this research, purposive sampling was utilised whereby a specific process of selecting shopping centres and outlets that best represent the demographics of the target population of Gauteng smokers. Smokers who were entering the shopping malls, leaving the shopping malls or smoking outside the shopping malls were targeted as they fall within the smoking category which was required for the purposes of this research. Further to this, specific qualifying questions were asked of the targeted smoker population which was identified and approached – namely, that they were 18 years of age or older; for them to confirm that they were smokers and lastly, that they had smoked one or more cigarettes in the 30 days preceding the survey.

3.6 Data Collection & Data Management

The data was collected as a result of paper-based questionnaires completed in the field and then transcribed to Excel and the data then captured in Epidata. The statistical tool used for evaluating and interpreting the questionnaires into meaningful information for resulting analysis was the Statistical Package for the Social Sciences (SPSS), as well as Wincross software.

The structure of the questionnaire included a brand-related section; questions on cigarette purchase patterns and smoking behaviour; questions on the proposed tobacco legislation and lastly questions on various scenarios such as income changes in order to understand how this might affect levels of brand loyalty. A summary is provided in Table 3.1 of the research objectives and the specific questions relating to each research objective.

The 5 qualitative questions related to cigarette smoking patterns, and included, “which brand and variant do you currently smoke” (Q7) and “what brand and variant did you smoke yesterday” (Q8), “what brand were you smoking a year ago” (Q9), “why did you change brands” and “if you had complete freedom to choose the brand of cigarette you would like to smoke, what would you choose” (Q12). The qualitative questions were asked in order to explore issues and gain deeper insight into the issues being researched.

Below is a summary of the research objectives and the corresponding research questions:

Table 3.1 Research Objectives

Question Number	Research Objectives
	To understand the cigarette purchase patterns of brand loyal and brand disloyal Gauteng smokers in terms of:
Q2	How many cigarettes do you smoke per day? (Q2);
Q3	Which cigarette pack did you last purchase? (Q3)
Q4	What is your usual purchase size?(Q4);
Q5	How much do you typically spend on cigarettes monthly? (Q5);
Q6	How long have you been smoking for? (Q6);
Q11	Are you smoking more or less than a year ago? (Q11);
Q28	Where do you normally buy your groceries? (Q28)
Q29	Where do you normally buy your cigarettes? (Q29)
	To determine what percentage of Gauteng smokers are brand loyal versus those who are brand disloyal:
Q9	Are you smoking the same brand you were smoking a year ago? (Q9)
	To determine whether brand awareness affects the purchase patterns of brand loyal and brand disloyal Gauteng smokers:
Q1(a)	Which of these brands have you ever heard of? (Q1a)
Ql (b)	Which of these brands have you ever bought? (Q1b)
Ql (c)	What brands are you likely to buy in the next week? (Q1c)
Q8	What brand and variant did you smoke yesterday? (Q 8)
Q10 (b)	Why did you change brands? (Q10b)
	To identify specific product attributes which are valued by brand loyal and brand disloyal Gauteng smokers, which could ultimately influence their purchase patterns:
Q13	How important is a low price cigarette to you? (Q13)
Q14	How important is a cigarette brand name to you (Q14)
Q15	How important is the nicotine content in cigarettes for you? (Q15)
Q16	How important is the tar content in cigarettes for you? (Q16)
Q17	How important is the availability of your brand at your usual shop to you? (Q17)
Q18	How important is the tobacco taste to you? (Q18)
Q19	How important is attractive packaging to you? (Q19)
Q20	How important are the brand colours to you? (Q20)
Q21	How important is the outer box design / shape to you? (Q21)
Q22	How important is a hard pack to you? (Q22)
Q23	How important is a soft pack to you? (Q23)
Q24	How important are the health warnings to you? (Q24)
	To determine what impact various scenarios might have on brand loyal Gauteng smokers' cigarette purchase patterns:
Q30	If your brand of choice was not available at your usual place of purchase, what would you do? (Q30);
Q31	If the price of your cigarette brand increased, with the price of all other cigarette brands remaining the same, what would you do? (Q31);
Q32	If the price of all other cigarette brands decreased, with the price of your brand remaining the same, what would you do? (Q32);
Q33	If a brand, other than your brand, introduces a free lighter or a bundle-offering such as a 'Buy 2 packs / 2 cartons at a reduced price', what would you do? (Q33);
Q34 (a -c)	If your income increased by (34a) 10%, (34b) 20% and (34c) 40%, what would you do (Q34)
Q35 (a -c)	If your income decreased by (35a) 10%, (35b) 20% and (35c) 40%, what would you do (Q35)
	To determine whether cigarette purchase patterns of brand loyal Gauteng smokers might change when faced with stringent anti-tobacco legislative changes:
Q37	In Australia, they have now made it legal to have all cigarette packs look exactly the same. This will mean that every single pack of cigarettes will all have bland green outside packaging, no cigarette branding or logo's, include pictures of diseased body parts on the front and the back of the packs with the brand name in small print at the bottom of the pack. If this law was passed in South Africa, what would you do? (Q37)
Q38	In the UK, they are considering passing a law which states that all cigarettes have to be hidden from view. This will mean that a cigarette smoker would have to request their usual brand by name only. If this law was passed in South Africa, what would you do? (Q38)

3.7 Validity and Reliability

3.7.1 Validity

Validity refers to the extent to which a test measures what it is actually meant to be measured. There are two types of validity – internal and external validity (Blumberg, Cooper and Schindler, 2005). External validity relates to the value of the results of the study to other populations—that is, the generalisability of the results. For example, a study showing that 80% of the Swedish population has blond hair, might be used to make a sensible prediction of the incidence of blond hair in other Scandinavian countries, but would be invalid if applied to most other populations (Mann, 2003).

There are three major forms of validity – content validity, construct validity and criterion-related validity (Blumberg, Cooper and Schindler, 2005). Content validity refers to the degree to which the content of the items adequately represents the universe of all relevant items under the study (Blumberg, Cooper and Schindler, 2005). Construct validity attempts to identify the underlying constructs being measured and determines how well the test represents them (Blumberg, Cooper and Schindler, 2005). Criterion-related validity refers to the degree to which the predictor is adequate in capturing the relevant aspects of the criterion (Blumberg, Cooper and Schindler, 2005).

Within the context of this research, face validity was utilised. In this regard, the questionnaire was assessed in a pilot study, against the specific research objectives. The pilot study was conducted with a sample of people , many of whom have research experience. Based on the feedback from the pilot study sample group as regards validity, the research questions were identified as being specific to the objectives and research topic. Respondents considered the questions to be free of bias and the questionnaire could be considered adequately reliable.

3.7.2 Reliability

Reliability has to do with the accuracy and precision of a measurement procedure (Blumberg, Cooper and Schindler, 2005). A measure is reliable to the degree that it supplies consistent results (Blumberg, Cooper and Schindler, 2005). Reliability is concerned with estimates to the degree to which a measure is free of random or unstable error (Blumberg, Cooper and Schindler, 2005). Reliable instruments are robust and they work well at different times under different condition. There are three reliability estimates, namely, Test-retest, Parallel forms and Cronbach's Alpha (Blumberg, Cooper and Schindler, 2005). Test-retest is when the same test is administered twice to the same subjects over an internal of less than six months for example (Blumberg, Cooper and Schindler, 2005). Parallel forms measure the degree to which alternative forms of the same measure produce same or similar results (Blumberg, Cooper and Schindler, 2005). Cronbach's Alpha measures the degree to which instrument items are homogenous and reflects the same underlying constructs (Blumberg, Cooper and Schindler, 2005).

With a Cronbach Alpha coefficient above 0.7 one can be confident that sub-set of statements are robust and can be used in any future surveys with a high degree of reliability and thus comparability (www.ats.ucla). For the purposes of this research, the internal reliability test that was utilised, was the Cronbach Alpha which generated a result of 0.798 across the quantitative questions in the questionnaire. A result of 0.798 indicates that the results are reliable and as such can be generalised to other similar situations.

Table 3.2: Cronbach Alpha Result

Reliability Statistics	
Cronbach's Alpha	**0.798**

Cronbach Alpha (Internal consistency reliability checks)

Internal consistency reliability assesses how well the individual measures included in the research are converted into a composite measure *(*www.sau.edu*)*. A commonly used measure is Cronbach's Alpha which is equivalent to the mean of all possible split-half coefficients *(*www.sau.edu).

Using Reliability analysis, such as the Cronbach Alpha approach, it is often possible to find a sub-set of items (rating statements) that summarise all the underlying statements well *(*www.sau.edu). The advantages of this scale are as follows: one has a reliable scale to use in one's analysis vs. many, and one can be confident that the sub-set of statements are robust and can be used in any future surveys with a high level of reliability and thus comparability *(*www.sau.edu*).*

3.8 Analysis of the Data

The results of the research analysis are presented in the form of percentages, tables and figures in the form of graphs. The results are analysed across brand Loyal and brand Disloyal smokers; where for brand Loyal smokers, n = 82, and for brand Disloyal smokers, n= 21, for a total of 103 respondents. As a percentage of the total of 103 respondents, brand Loyal smokers comprise 79.6 % (rounded up to 80%) and brand Disloyal smokers comprise 20.4% (rounded down to 20%).

In instances where the percentage variance from the highest amount to the lowest amount is fairly large, the results have been presented in a table format, for example Table 4.3.

The results relating to Q1a, Brand Awareness (Brands Ever Heard of), are presented in Table 4.5, in percentage format as well as the total number of respondents per brand. Both brand Loyal and brand Disloyal respondents are presented in the table.

Table 4.6, relating to Q1a, Q1b, Q1c an Q8, the results are presented in brand ranking formt, starting with the 1'st, (highest ranked brand) down to the 11'th ranked brand. In this table, only brand Loyal respondents are presented.

A 5-point Likert scale is utilised for Questions 13 to 24 which relate to brand and product attribute preference. For each specific brand or product attribute, the respondents is asked to indicate how important they feel it is based on a 5- point scale whereby:

1 = Not Important at all

2 = Somewhat Important

3 = Neither Important nor Unimportant

4 = Slightly Important

5 = Very important

The findings of Questions 13 to 24 are presented in Table 4.8, in percentage format. In addition, the various brand and product attributes are grouped together based on their similarities under specific headings such as Price, Brand, Product Quality, Service Quality and Packaging.

SPSS statistical software and Excel was used in analysing data, Epidata software was used in the data capture process and Wincross, was utilised to generate the cross-tab tables for analysis.

3.9 Fieldwork

3.9.1 Fieldwork Process

The primary data collection method used involved conducting face to face field research by means of a structured questionnaire. Due to the time constraints and the sample size, the researcher enlisted the assistance of experienced fieldworkers to assist with conducting the interviews as well as field supervisors to oversee the integrity of the fieldwork. In order to ensure the validity of the interviews, a 15% back-check was done by the various supervisors – this meant that a supervisor would phone at least 15% of all respondents and verify the data which was captured by the fieldworker. This was done for every fieldworker's results.

3.9.2 Training of Fieldworkers

The fieldworkers were both well educated, multi-lingual and highly experienced. They were managed by professional, expert field supervisors. Both the fieldworkers and the supervisors were briefed as to the purpose of the study, so that the research process would be objective and scientific. In addition, they were all supplied a script stipulating the three qualifying questions which were to asked: namely, whether the respondent was over the legal smoking age of eighteen and if so, whether the respondent is a smoker and lastly if the respondent was willing to participate in the research study. In addition, every issue / topic, terminology and question was carefully explained in the script so as to ensure that the fieldworkers clearly understood what was required and they had clarity on all aspects of the questionnaire.

Fieldworkers were advised that they would be communicating with respondents who are invariable pressed for time. They were instructed to be professional and efficient in the face to face interviews so as not to invoke the ire of the respondents through perceived time wasting.

3.10 Pilot Project

A pilot study of the questionnaire was completed with the assistance of fifteen smokers in order to attempt to detect flaws and discover any unforeseen problems or to evaluate clarity of understanding in terms of the questions. The results highlighted the need to amend three questions, one of which was a double-barrelled question and the remaining two were vague. These three questions were amended in order to be more precise and unambiguous and a second pilot project was conducted to test the precision of the amended three questions. This was successfully achieved as the three questions were clearly understood by the second pilot project group of smokers. The three defective questions were amended prior to the Ethical Clearance submission.

3.11 Ethical Issues

As interviews commenced, the participants were informed of the nature and purpose of the research and were thanked for volunteering to participate. They were advised that they could withdraw at any time, should they wish, without any negative or undesirable consequences to themselves. Respondents were advised that their answers to the questions in the interview would remain private and confidential. Furthermore the participants were informed that they were not obligated to answer any questions if they were not comfortable to do so. An ethical consent form was utilised and signed by the respondents – a copy of which is attached as Appendix 2.

There were no incentives offered to respondents in order to entice them to participate.

3.12 Conclusion

A clear description of the study's methodology was provided around the research topic of cigarette purchase patterns of cigarette smokers in the greater Gauteng area. The research problem was defined as well as the objectives of the research. The population, sample size, geographic region selection was discussed as well as the data collection process and the validity and reliability thereof. Aspects relating to the fieldwork process and fieldworker training were discussed as well as any ethical issues. The findings based on the result of the fieldwork are presented in Chapter Four.

CHAPTER FOUR: FINDINGS OF THE RESEARCH

4.1 Introduction

In this chapter, the findings of the six research objectives are analysed and summarised. The objective is to ascertain whether all the objectives have been addressed by the data generated and secondly to draw insights which can be utilised in the discussion in Chapter Five. The research objectives are studied on a one by one basis and the findings thereof are presented either as tables, charts or graphs. Where relevant, insights drawn from the findings of other objectives have been utilised, where relevant in the findings of other objectives. This has been done either to place the findings into context or provide a measure of comparison.

The research objectives of the study are:

4.2 Objective One:

To determine what percentage of Gauteng smokers are brand loyal versus those who are brand disloyal.

The question relating to Objective One is as follows:

Table 4.1 Percentage of Smokers who are brand Loyal and brand Disloyal

Are you smoking the same brand you were smoking a year ago?			
	Frequency	**Percent**	**Valid Percent**
Brand Loyal	82	77.4 %	**79.6 %**
Brand Disloyal	21	19.8 %	**20.4 %**
Total	103	97.2 %	**100 %**

4.2.1 Objective One: Summary of Findings

Brand Loyal

For the purposes of this research, a brand Loyal smoker has been defined as someone who is still smoking the same brand of cigarette as a year ago. Table 4.1 reveals that 82 out of 103 participants in the research indicated that they were still smoking the same brand they were smoking a year ago, with 21 out of 103 participants indicating that they had changed brands over the course of the year. Based on the definition of cigarette brand loyalty fro the purposes of this research which required smokers to still be smoking the same brand as a year ago, it can be ascertained that Gauteng smokers have a high level of brand loyalty (80%).

4.3 Objective Two

To understand the cigarette purchase patterns of brand loyal and brand disloyal Gauteng smokers.

The questions relating to Objective Two are as follows:

Table 4.2 Questions Relating to Objective Two

Question Number	Question	Table / Figure Number
Q2	How many cigarettes do you smoke per day?	Fig. 4.1
Q3	Which cigarette pack did you last purchase?	Table 4.3
Q4	What is your usual purchase size?	Fig. 4.2
Q5	How much do you typically spend on cigarettes monthly?	Fig. 4.3
Q6	How long have you been smoking for?	Fig. 4.4
Q11	Are you smoking more or less than a year ago?	Fig. 4.5
Q28	Where do you normally buy your groceries?	Fig. 4.6
Q29	Where do you normally buy your cigarettes?	Fig. 4.7

Q2 How many Cigarettes do you Smoke per Day?

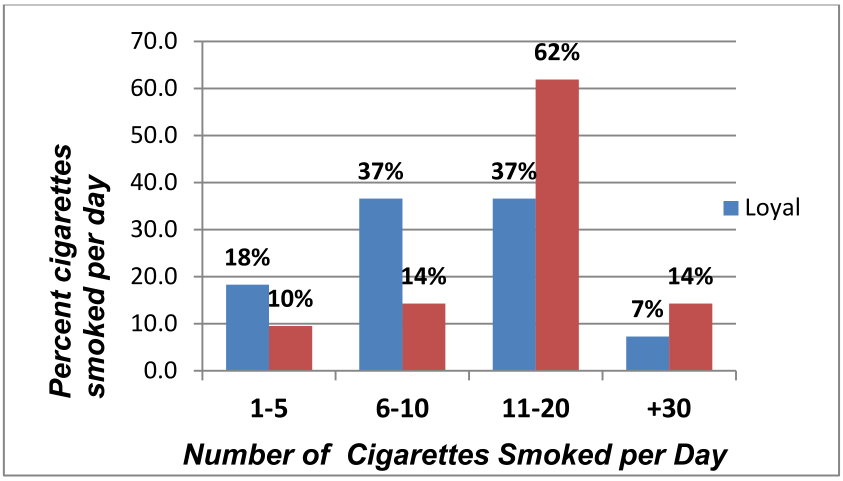

Figure 4.1 Number of Cigarettes Smoked per Day

Brand Loyal

Fig 4.1 reveals that brand Loyal smokers smoke between 6 – 10 cigarettes per day (37%) and 11 – 20 cigarettes per day (37%) which is represented by 30 out of 82 brand Loyal Gauteng smokers.

Brand Disloyal

Fig 4.1 reveals that brand Disloyal smokers prefer to smoke slightly more than brand Loyal smokers as they consume between 11 – 20 cigarettes per day (62 %) and +30 cigarettes per day (14 %). This is represented by 13 out of 21 brand Disloyal smokers and 3 out of 21 disloyal smokers respectively.

Q3 Which Cigarette Pack did you Last Purchase?

In instances when the percentage variance from the highest amount to the lowest amount is large, the results have been presented in a table format, as per Table 4.3 below. In this table, the highest percentage was 90.5% and the lowest, 0%.

Table 4.3 Cigarette Pack Last Purchased

Cigarette Pack Size				
	Loyal %		Disloyal %	
	n = 82	%	n = 21	%
20's	72	***87.8***	19	***90.5***
Loose	6	***7.3***	1	***4.8***
30's	2	***2.4***	0	***0.0***
10's	1	***1.2***	1	***4.8***
No Answer	1	***1.2***	0	***0***

Brand Loyal

It is apparent from Table 4.3 that brand Loyal smokers far prefer a pack of 20's (88%) in comparison to 10's (1%) and 30's (2%). More brand Loyal smokers compared to brand Disloyal smokers prefer to purchase loose cigarettes (7%) as represented by 6 out of 82 brand Loyal smokers. A total of 1 out of 82 brand Loyal smokers refused to answer this question.

Brand Disloyal

Table 4.3 reveals that brand Disloyal smokers also show a strong preference for a pack of 20's (90%) in comparison to 10's (5%) and loose cigarettes (5%). It is interesting to note that none of the brand Disloyal smokers showed a preference for a pack of 30's (0%). The 5% brand Disloyal smokers who purchase loose cigarettes and 10's are represented by 1 out of 21 brand Disloyal smokers.

Q 4 What is your Usual Purchase Size?

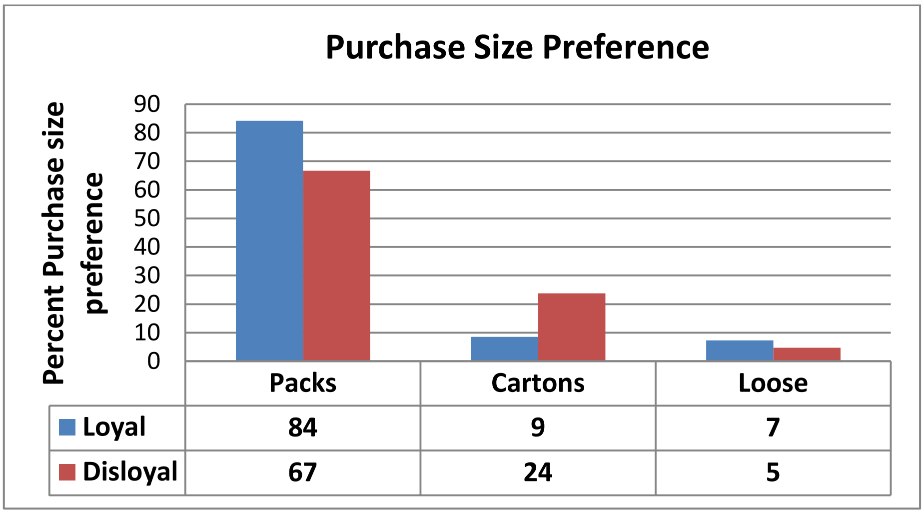

Figure 4.2 Usual Cigarette Purchase Size

Brand Loyal

It is evident from Fig. 4.2 that brand Loyal smokers prefer to purchase a cigarette pack (84%) which is represented by 69 out of 82 (84%) brand Loyal smokers, followed by cartons (9%) and loose (7%).

Brand Disloyal

Fig 4.2 reveals that 14 out of 21 (67%) brand Disloyal smokers prefer to purchase a cigarette pack, followed by cartons (24%) and loose (5%). 1 out of 21 brand Disloyal smokers declined to answer.

Q5 How much do you typically Spend on Cigarettes Monthly?

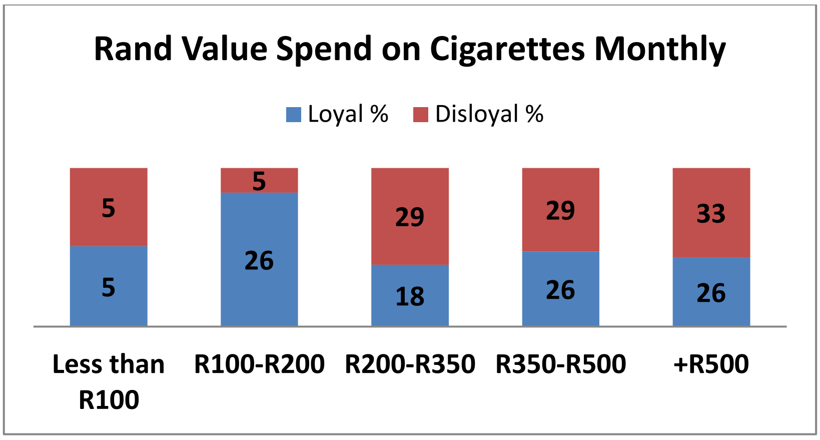

Figure 4.3 Monthly Cigarette Spend on Cigarette Purchases

Brand Loyal

Fig. 4.3 reveals that brand Loyal smokers spend at both a higher Rand value spend of between R350 – R500 per month (21%) and +R500 per month (21%) as well as at a lower Rand value spend of between R100 – R200 per month (21%). The higher Rand value spend of brand Loyal smokers of between R350 per month to +R500 per month is in line with the findings from Fig. 4.1 which reveals that brand Loyal smokers consume between 11 – 20 cigarettes per day. With the daily smoking consumption extrapolated out over a month, it equates to on average between 330 cigarettes per month and 500 cigarettes per month. With the average cost per carton (200 cigarettes in a carton) of R250 , it would equate to a monthly spend of +R500 on cigarette purchases.

Brand Disloyal

Fig 4.3 reveals that brand Disloyal smokers also spend slightly more on cigarettes purchase per month with 7 out of 21 brand Disloyal smokers (33%) spending +R500 per month, followed by 29% of brand Disloyal smokers who spend between R200 –R350 and R350 – R500. Again, the spend of brand Disloyal smokers of between R350 per month to the upper level of +R500 per month is in line with the findings from Fig. 4.1, where the results show that brand Disloyal smokers consume between 11 – 20 cigarettes per day. With the daily smoking consumption extrapolated out over a month, it equates to on average between 330 cigarettes per month. and 500 cigarettes per month and at an average cost per carton (200 cigarettes in a carton) of R250 , it would equate to a monthly spend of +R500 on cigarette purchases.

Q6 How Long have you been Smoking for?

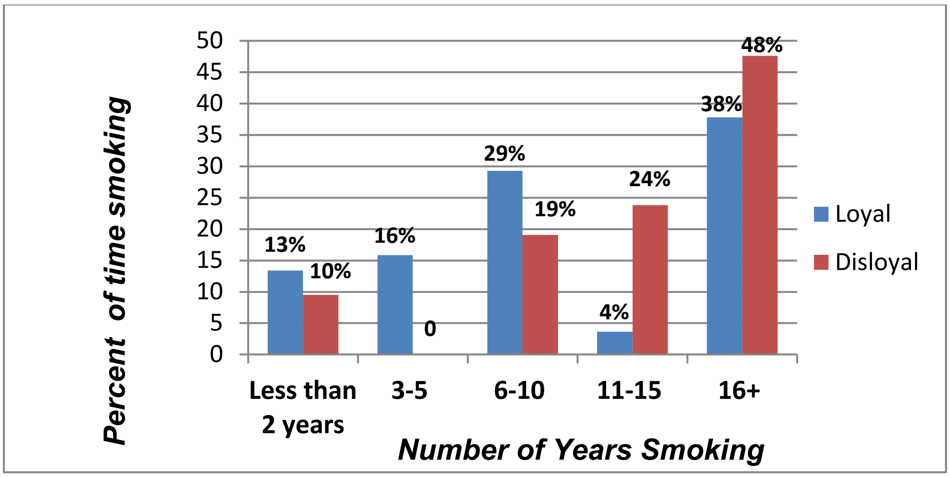

Figure 4.4 Length of time Smoking

Brand Loyal

It is evident from Fig 4.4 that almost 40% of all brand Loyal smokers have been smoking for more than 16 years (38%), represented by 31 out of 82 brand Loyal smokers, followed by 30% brand Loyal smokers who have been smoking between 6 – 10 years.

However, as only 13% of all brand Loyal smokers, represented by 11 out of 82 brand Loyal smokers, have started smoking in the last two years, it could indicate that the percentage of brand Loyal smokers who take up smoking is declining when compared to the 38% who have been smoking for more than 16 years.

Brand Disloyal

Fig 4.4 reveals that 48% of all brand Disloyal smokers have been smoking for more than 16 years, represented by 10 out of 21 brand Disloyal smokers. This is followed by 24% of brand Loyal smokers who have been smoking for between 11 – 15 years. Only a small number of brand Disloyal smokers, 2 out of 21 brand Disloyal smokers (9%), have started smoking within the last two years which could represent a significant decline in number of brand Disloyal smokers.

Q11 Are you Smoking More or Less than a year ago?

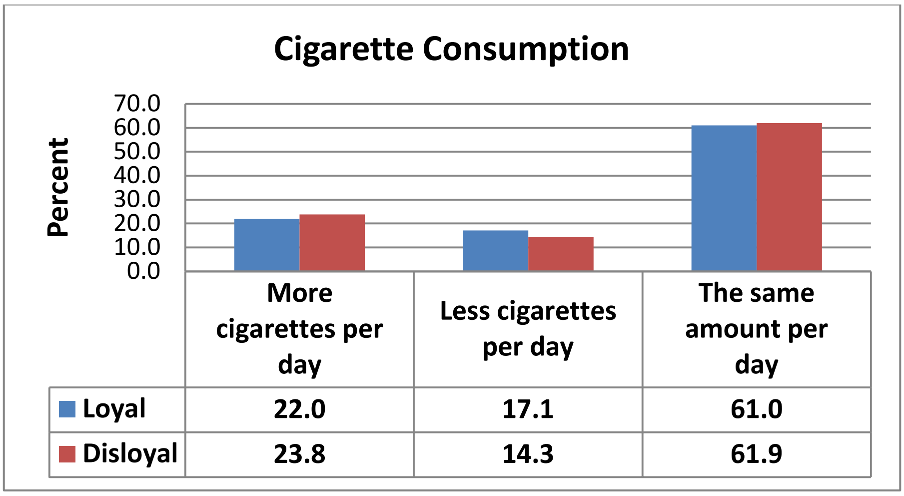

Figure 4.5 Smoking More or Less Cigarettes per Day compared to Last Year

Brand Loyal

Fig. 4.5 reveals that more than 60 % of both brand Loyal and brand Disloyal smokers have not changed their daily cigarette consumption patterns as represented by 50 out of 82 brand Loyal smokers. Brand Loyal smokers are smoking more cigarettes per day compared to the previous year (22%) as opposed to 17% brand Loyal smokers who consume less cigarettes per day compared to a year ago.

Brand Disloyal

Fig. 4.5 reveals that 62% of all brand Disloyal smokers, represented by 13 out of 21 brand Disloyal smokers, have not changed the number of cigarettes they smoke per day compared to a year ago, whilst 24% of brand Disloyal smokers are smoking more cigarettes per day compared to a year ago and 14% of brand Disloyal smokers consume less cigarettes per day compared to a year ago.

Q28 Where do you normally Buy your Groceries and Q29 Where do you normally Buy your Cigarettes?

This was a multi-mention question, meaning that respondents could select one or more places where they normally buy their groceries or cigarettes. This was done to accommodate people who have two or more predominant places where they purchase their groceries or cigarettes. Hence the totals are higher than 100 %.

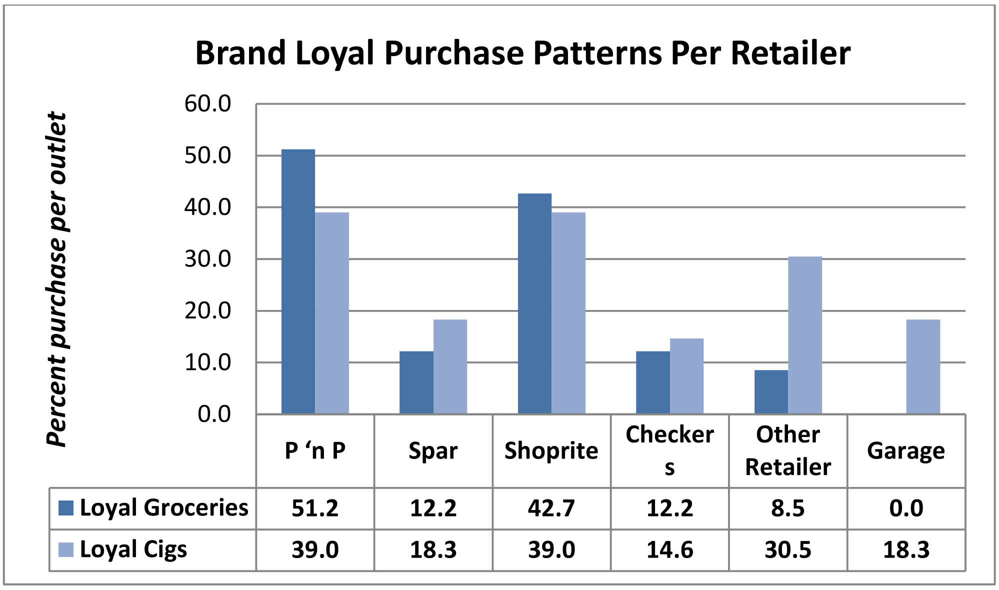

Figure 4.6 Brand Loyal Cigarette and Grocery Purchase Patterns (per outlet)

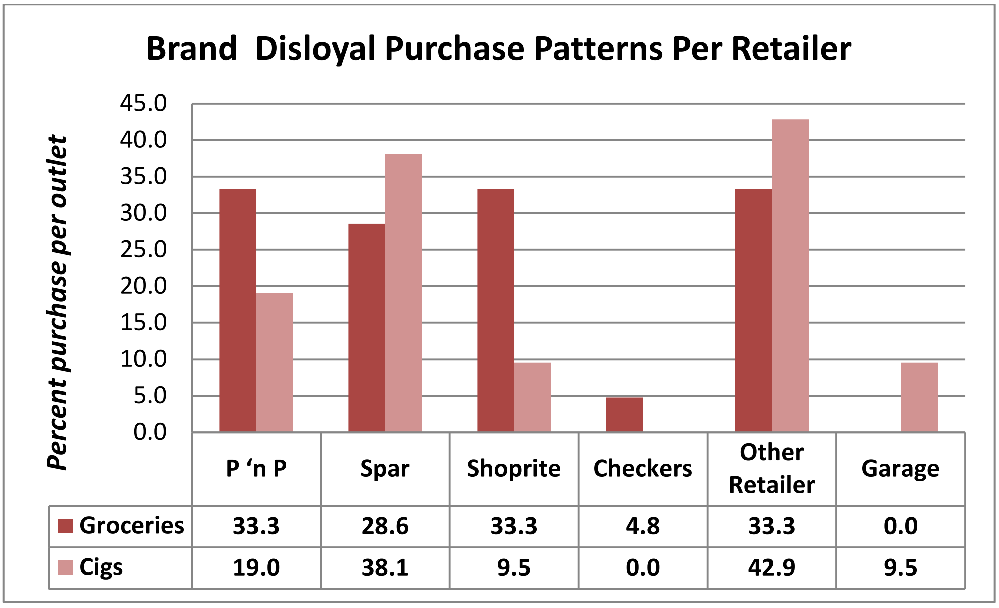

Figure 4.7 Brand Disloyal Cigarette and Grocery Purchase Patterns (per outlet)

Brand Loyal

It is evident from Fig. 4.6 that the purchase patterns of brand Loyal Gauteng smokers reveal a strong preference for buying their cigarettes from Shoprite stores (39%) and Pick ‘n Pay stores (39%). This could indicate that brand Loyal smokers perceive greater value for cigarettes in these two retail groups. Brand Loyal smokers show less preference for purchasing cigarettes at Spar (18%) and Checkers stores (15%), which could indicate that the cigarette value proposition at Spar stores and Checkers stores is not as valued by brand Loyal smokers.

Brand Disloyal

Findings from Fig 4.7 reveal that the cigarette purchase patterns of brand Disloyal smokers are vastly different to those of brand Loyal smokers - brand Disloyal smokers tend not to purchase their cigarettes where brand Loyal smokers buy their cigarettes, namely, Shoprite and Pick ‘n Pay stores. Instead, brand Disloyal smokers prefer to buy their cigarettes at Spar stores (38%) and ‘Other Retailer’ (43%). Not a single brand Disloyal smoker stated that they preferred to purchase their cigarettes from Checkers and only a small percentage of brand Disloyal smokers buy their cigarettes from Pick ‘n Pay (19%) and Shoprite stores (10%). This could indicate, that in comparison to brand Loyal smokers, brand Disloyal smokers do not prefer the cigarette value proposition at Pick ‘n Pay, Shoprite and Checkers stores.

4.3.1 Objective Two: Summary of Findings

4.3.1.1 Brand Loyal

Brand Loyal smokers smoke on average 6 – 20 cigarettes per day, they prefer a pack of 20’s as opposed to carton purchases or 10’s / loose cigarettes, however they show a higher propensity compared to brand Disloyal smokers to purchase loose cigarettes; they spend equally either between R350 – R500 per month or +R500 per month on cigarettes; they have been smoking for more than 16 years and slightly more than 20% of brand Loyal smokers are smoking more cigarettes this year compared to last year. Brand Loyal smokers predominantly buy their cigarettes from either Shoprite stores or Pick ‘n Pay stores.

4.3.1.2 Brand Disloyal

Brand Disloyal smokers smoke predominantly between 11 – 20 cigarettes per day with some smoking more than +30 cigarettes per day; they prefer a pack of 20’s but also show an interest in cartons; they show a higher propensity to purchase 10’s cigarettes as compared to brand Loyal smokers; they spend between R350 – R500 and +R500 per month on cigarettes and 24% of brand Disloyal smokers are smoking more cigarettes this year compared to last year. Brand Disloyal smokers predominantly buy their cigarettes either from Spar or 'Other Retailer'.

4.4 Objective Three

To determine whether brand awareness affects the purchase patterns of Brand Loyal Gauteng smokers?

The questions relating to Objective Three are as follows:

Table 4.4 Questions Relating to Objective Three

Question Number	Question	Table / Figure Number
Q1 (a)	Which of these brands have you ever heard of?	Table 4.5
Q1 (b)	Which of these brands have you ever bought?	Table 4.6
Q1 (c)	What brands are you likely to buy in the next week?	Table 4.6
Q8	What brand and variant did you smoke yesterday?	Table 4.6

Q1 (*a*) Which of these brands have you ever heard of?

Table 4.5 Brand Awareness relating to Brands Ever Heard Of

	Which of these brands have you ever heard of?								
		TOTAL			BRAND LOYAL			BRAND DISLOYAL	
		No of People			No of People			No of People	
		Loyal Level	*%*		Loyal Level	*%*		Loyal Level	*%*
		n = 103	*100%*		n = 82	***100%***		n = 21	*100%*
			%			*%*			*%*
	Brand Awareness								
	Brands Ever Heard Of								
	Top 10 Brands								
1	Peter Stuyvesant (any)	101	***98.1***		80	***97.6***		21	***100.0***
2	Courtleigh (any)	96	***93.2***		77	***93.9***		19	***90.5***
3	Craven A (any)	93	***90.3***		73	***89.0***		20	***95.2***
4	Marlboro (any)	90	***87.4***		70	***85.4***		20	***95.2***
5	Dunhill (any)	90	***87.4***		70	***85.4***		20	***95.2***
6	Chesterfield (any)	84	***81.6***		65	***79.3***		19	***90.5***
7	Rothmans (any)	83	***80.6***		63	***76.8***		20	***95.2***
8	Camel (any)	77	***74.8***		59	***72.0***		18	***85.7***
9	Kent (any)	76	***73.8***		56	***68.3***		20	***95.2***
10	Vogue (any)	66	***64.1***		47	***57.3***		19	***90.5***

Brand Loyal and Brand Disloyal

Table 4.5 reveals that the top 10 brands in terms of brand awareness in South Africa, are the same brands owned by multinationals such as British American Tobacco (BAT), Philip Morris International (PMI) and Japan Tobacco International (JTI) – multinationals that have global exposure and global brand awareness levels. Peter Stuyvesant, the number one brand in South Africa in terms of brand awareness, is owned by BAT and it is a brand which has been in South Africa the longest, since its launch in 1954.

As can be seen in Table 4.6 on the following page, the same top 10 brands in terms of brand awareness, will be the same brands which have Ever been Bought, Smoked Yesterday and Likely to be Bought next week.

Although the findings of both brand Loyal and brand Disloyal smokers were presented in Table 4.5, only brand Loyal findings are presented in Table 4.6. Due to the longevity of purchase loyalty inherent in brand Loyal smokers, it is a greater priority to understand their preferences and thereby engage them as a consumer base.

In Table 4.6 the findings from Q1 (b), Q1(c) and Q8, have been combined with the brand ranking findings from Q1(a), in order to show the ranking performance of the Top 10 from a brand being heard of Q1(a), a brand ever bought Q1(b), a brand smoked yesterday (Q8) and a brand likely to be bought next week Q1(c). This was done, as the success measure of whether brand awareness positively affects the purchase patterns of brand Loyal smokers, is whether brands which rank in the top 10 brands for awareness, remain in the top 10 brand rankings for brands ever bought, brand smoked yesterday and a brand likely to be bought next week. If the results indicate this to be true, it can be inferred that brand awareness positively impacts on the purchase patterns of brand Loyal smokers.

Table 4.6 Brands ever Heard of, brands ever Purchased, brand smoked Yesterday and brand most likely to be bought Next Week

BRAND LOYAL CUSTOMERS				
	Brands Ever Heard of Q1(a)	Brands ever bought Q1(b)	Brand smoked yesterday (Q8)	Brands likely to buy in the next week Q1(c)
	Brand Ranking	Brand Ranking	Brand Ranking	Brand Ranking
Peter Stuyvesant	1'st	1'st	1'st	1'st
Courtleigh	2'nd	2'nd	2'nd	2'nd
Craven A	3'rd	5'th	5'th	6'th
Marlboro	4'th	6'th	9'th	8'th
Dunhill	5'th	3'rd	4'th	7'th
Chesterfield	6'th	4'th	8'th	9'th
Rothmans	7'th	9'th	10'th	10'th
Camel	8'th	7'th	6'th	5'th
Kent	9'th	8'th	3'rd	4'th
Vogue	10'th	0	0	0
*Princeton	11'th	10'th	7'th	3'rd

Table 4.6 includes the top 10 brand names in terms of brand awareness on the far left-hand side. Princeton has been included in the Top 10 brand names as it is the next brand on the list (11'th position) and where Vogue cigarettes (10'th position) has not been ranked for a particular question, the Princeton brand ranking has then been included. This was done so as to ensure that there are always a top 10 list of brands

Brand Loyal

Table 4.6 reveals that all of the Top 10 brands, except for Vogue which overtaken by the 11'th place brand, Princeton, appear in the top 10 rankings across brands ever heard of, brands ever bought, brand smoked yesterday and a brand likely to be bought next week.

This indicates that high levels of brand awareness (Q1a), resulted in a brand Loyal smoker purchasing the brand (Q1b), leading the brand Loyal smoker to re-purchase the brand and smoked yesterday (Q8) and is likely to be a brand that they will smoke next week (Q1c). It would appear therefore that the cigarette purchase patterns of brand Loyal smokers are positively affected by brand awareness, leading to a brand being purchased, smoked yesterday and the brand most likely to be smoked next week.

4.4.1 Objective Three: Summary of Findings

4.4.1.1 Brand Loyal

Brand awareness positively affects the purchase patterns of brand Loyal smokers. Based on the findings from Table 4.5, it is apparent that high levels of brand awareness positively affect the purchase patterns of brand Loyal smokers, resulting in brands with high levels of awareness consistently remaining in the top 10 brands for brand ever purchased, brand purchased yesterday and the brand most likely to be purchased next week. This is in line with the findings of Dawes (2012), which states that brand loyalty towards cigarettes follows an empirical pattern observed in many other markets – brands with larger brand awareness or penetration have the ability to obtain somewhat more loyalty.

As stated previously in the literature by Subhani and Osman (200) brand awareness is an asset as it can be extremely difficult to dislodge a brand that has achieved a dominant awareness level. In other words, brand awareness plays a role in contributing towards brand loyalty. When brands have achieved a dominant awareness level it can lead to the Double Jeopardy effect, whereby brands which are bigger enjoy higher loyalty and purchase frequency in comparison to smaller brands which could have less brand loyalty and fewer buyers in comparison as stated in the literature by Yang et al. (2005).

The success measure of whether brand awareness positively affects the purchase patterns of brand Loyal smokers is whether brands which rank in the top 10 brands for awareness, remain in the top 10 brand rankings for brands ever bought, brand smoked yesterday and a brand likely to be bought next week. If the results indicate this to be true, it can be inferred that brand awareness positively impacts on the purchase patterns of brand Loyal smokers

4.5 Objective Four

To identify specific brand and product attributes which are valued by Brand Loyal and Brand Disloyal smokers, which could ultimately influence their cigarette purchase patterns?

The questions relating to Objective Four are as follows:

Table 4.7 Questions Relating to Objective Four

Question Number	Question	Table / Figure Number
Q 13	How important is a Low Price cigarette to you?	Table 4.8
Q14	How important is a cigarette Brand Name to you?	Table 4.8
Q 15	How important is the Nicotine content in cigarettes for you?	Table 4.8
Q 16	How imporant is the Tar content in cigarettes for you?	Table 4.8
Q 17	How imporant is the availability of your brand at your usual shop to you?	Table 4.8
Q 18	How important is the tobacco taste to you?	Table 4.8
Q 19	How important is attractive packaging to you?	Table 4.8
Q 20	How important are the brand colours to you?	Table 4.8
Q 21	How important is the outer box design/ shape to you?	Table 4.8
Q 22	How important is a hard pack to you?	Table 4.8
Q 23	How important is a soft pack to you?	Table 4.8
Q 24	How important are the health warnings to you?	Table 4.8

For ease of reference, the product and brand attributes are grouped together in Table 4.8, based on their similarities, under specific headings such as Price, Brand, Product Quality, Service Quality and Packaging. These product and brand attribute groupings are referenced in the literature review in terms of brand loyalty.

For each of these headings, an average percentage has been calculated and shown as Average % which was calculated by adding the percentages of the relevant attributes listed underneath the attribute headings and dividing by the number of attributes.

The percentages are derived from a five-point Likert scale where:

- 1 represents Not important at all
- 2 represents Somewhat unimportant
- 3 represents Neither important nor unimportant
- 4 represents Slightly important
- 5 represents Very important

Table 4.8 Percentage Scores for Grouped Product and Brand Attributes

Question Number	Brand and Product Attribute Importance	Percentage Scores	Percentage Scores
		Brand Loyal	Brand Disloyal
		%	%
	PRICE	**Average 62%**	**Average 67%**
Q 13	How important is a low price to you?	***62***	***67***
	BRAND	**Average 78%**	**Average 48%**
Q14	How important is a cigarette brand name to you?	***91***	***62***
Q20	How important are the brand colours to you?	***65***	***33***
	PRODUCT QUALITY	**Average 78%**	**Average 82%**
Q15	How important is the nicotine content in cigarettes for you?	***76***	***76***
Q16	How important is the tar content in cigarettes for you?	***68***	***76***
Q18	How important is the tobacco taste in cigarettes for you?	***90***	***95***
	SERVICE QUALITY	**Average 95%**	**Average 95%**
Q17	How important is the availability of your brand at your usual shop to you?	***95***	***95***
	PACKAGING	**Average 64%**	**Average 45%**
Q19	How important is attractive packaging to you?	***70***	***48***
Q21	How important is the outer box design / shape to you?	***65***	***38***
Q22	How important is a hard pack to you?	***72***	***76***
Q23	How important is a soft pack to you?	***48***	***24***
Q24	How important are the health warnings to you?	***67***	***38***

4.5.1.3 Price

Brand Loyal

Table 4.8 reveals that Price, at an Average percentage level, has the lowest score, at 62%.

Brand Disloyal

Table 4.8 reveals that Price, at an Average percentage level, is the third most important attribute to brand Disloyal smokers (67%), after Service Quality (95%) and Product Quality (82%).

4.5.1.4 Brand-related aspects

Brand Loyal

Table 4.8 reveals that Brand attributes (brand name and brand colours) achieve the second-highest rating for brand Loyal smokers, achieving an average score of 78%. This is largely driven by the importance of the brand name (91%) and brand colours (65%).

Brand Disloyal

Table 4.8 reveals that Brand attributes (brand name and brand colours) achieve the fourth-highest rating (48%) for brand Disloyal smokers after Service Quality, Product Quality and Price. A cigarette brand name is of more importance to brand Disloyal smokers (62%) compared to brand colours (33%).

4.5.1.5 Product Quality

Brand Loyal

As revealed in Table 4.8 Product Quality, at an average score of 78%, is largely driven by the preference for a smooth tobacco taste (90%), optimal nicotine level (76%) and tar (68%) levels.

Brand Disloyal

It is evident from Table 4.8 that Product Quality of the second most important attribute for brand Disloyal smokers with an Average percentage level of 82%. This is largely driven by a preference for a smooth tobacco taste (95%) followed by optimal tar and nicotine levels at 76% respectively.

4.5.1.6 Service Quality

Brand Loyal

It is evident from Table 4.8 that Service quality, namely brand availability at place of purchase, is the attribute which is most valued in terms of brand Loyal smokers at an Average percentage level of 95%. These findings are in line with the results from Fig. 4.8 which asks brand Loyal smokers what they are likely to do when they encounter a brand out of stock situation at store, with 81% of brand Loyal smokers stating that they would be willing to rather go to another store just so that they could acquire their brand of choice.

Brand Disloyal

Table 4.8 reveals that Service quality, namely brand availability at place of purchase, is the attribute which is also most valued in terms of brand Disloyal smokers at an Average percentage level of 95%. .

4.5.1.7 Packaging

Brand Loyal

It is evident from Table 4.8 that Packaging, with an Average percentage level of 64%, is driven by a preference for a hard pack (72%) and attractive packaging (70%). Health warnings, at 67% are ranked higher than brand Disloyal smokers who only attribute a 38% level of importance. The remaining packaging attributes, in descending order are outer box design (65%) and soft pack (48%).

Due to attractive packaging being of highest importance in terms of the Packaging group, it could indicate that any changes to the attractiveness of the external packaging of cigarettes such as with the introduction of plain packaging legislation, will negatively impact the cigarette purchase patterns of brand Loyal smokers. As evidenced in Fig. 4.12, brand Loyal smokers indicate that should plain pack legislation be introduced, whereby the attractiveness of the external packaging is removed, 16% of brand Loyal smokers will give up smoking and 23% will purchase less cigarettes than normal.

Brand Disloyal

Table 4.8 reveals that Packaging, at an Average percentage level of 45%, is of least importance in term of attribute ranking, with a hard pack preferred (76%), followed by attractive packaging (48%), outer box design (38%), health warnings (38%) and lastly a soft pack (24%).

As evidenced in Fig. 4.12, changes in cigarette pack attractiveness and increased health warnings as a result of plain packaging legislation does not impact substantially on the purchase patterns of brand Disloyal smokers with 10% of brand Loyal smokers giving up smoking and 10% of brand loyal smokers who would purchase less cigarettes than normal.

4.5.1 Objective Four: Summary of Findings

The literature indicates that smokers choose amongst the basic attributes of a brand or product and compare these attributes in their consideration set of brands (Kristinsdóttir, 2010). Consumers have different preferences for product characteristics of attributes which is dependent upon both the nature of the product as well as the consumers' socio-economic nature (Kristinsdóttir, 2010).

4.5.1.1 Brand Loyal

Service quality, as represented by always having their brand in stock and available for purchase at store level, is of paramount importance to brand Loyal smokers (95%), followed by Brand-related aspects (78%) such as brand name and brand colours as well as Product Quality (78%) driven largely by a preference for a smooth tobacco taste. Packaging is the next most valued attribute (64%), driven by a preference for attractive packaging in a hard pack. Price is of least importance to a brand Loyal smokers (62%).

As revealed in the literature findings have indicated that when consumers are confronted with out of stock (OOS) situation of their brand, they might be willing in invest behavioural efforts in going to another store to buy the same brand, they could be induced to switch brands or delay their purchase at that time (Verbeke et al.,1997). Gar et al., (2010), in their research, found that 60% of all their respondents stated that product availability is an important factor when selecting a brand. The findings indicate that both Brand Loyal and Brand Disloyal assign a much higher preference rating of 95 % respectively.

In summary the purchase patterns of brand Loyal smokers are positively affected by product availability, brand aspects, product quality and packaging. The purchase patterns of brand Loyal smokers are neutral with regards to a low price – it is of little importance to brand Loyal smokers.

4.5.1.2 Brand Disloyal

Service Quality, namely brand availability at place of purchase, as revealed in Table 4.8, is of utmost importance to brand Disloyal smokers (95%). However, this is counter-intuitive to the findings from Fig. 4.8, which revealed that only 57% of brand Disloyal smokers, when encountering a brand out of stock (OOS), would be willing to go to another store to acquire their brand of choice. The remaining product attributes preferred by brand Disloyal smokers, in descending order are, Product Quality (82%) largely driven by smoothness of a tobacco taste, followed by a Low Price (67%), Brand aspects (48%) and lastly packaging (45%) driven by a preference for a hard pack.

In summary, the purchase patterns of brand Disloyal smokers are positively affected by product availability, product quality and a low price. Brand related aspects and packaging do not significantly impact the purchase patterns of brand Disloyal smokers.

4.6 Objective Five

To determine what impact various scenarios might have on brand loyal Gauteng smokers' cigarette purchase patterns.

The questions relating to Objective Five are as follows:

Table 4.9 Questions Relating to Objective Five

Question Number	Question	Table / Figure Number
Q30	If your brand of choice was not available at your usual place of purchase, what would you do?	Fig. 4.8
Q31	If the price of your cigarette brand increased, with the price of all other cigarette brands remaining the same, what would you do?	Fig. 4.9
Q32	If the price of all other cigarette brands decreased, with the price of your brand remaining the same, what would you do?	Fig. 4.10
Q33	If a brand, other than your brand, introduces a free lighter or a bundle-offering such as a 'Buy 2 packs / 2 cartons at a reduced price', what would you do?	Fig. 4.11
Q34 (a-c)	If your income increased by (34a) 10%, (34b) 20% and (34c) 40%, what would you do?	Table 4.10
Q35 (a-c)	If your income decreased by (35a) 10%, (35b) 20% and (35c) 40%, what would you do?	Table 4.11

Q30 If your brand of choice was not available at your usual place of purchase, what would you do?

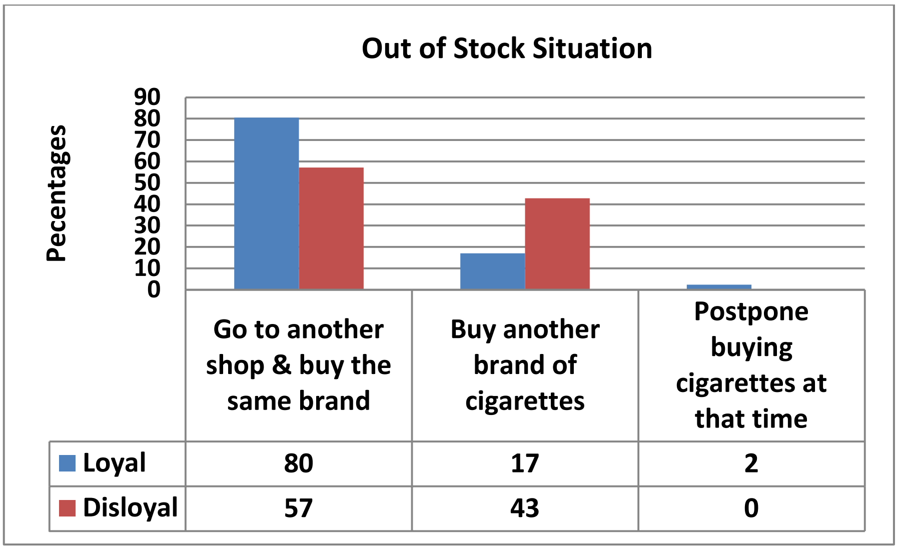

Fig 4.8 The impact of brand out of stock's on the purchase patterns of brand Loyal and brand Disloyal smokers

Brand Out of stock situation at store level

Brand Loyal

Fig. 4.8 indicates that brand Loyal smokers tend to remain highly loyal to their brand of choice when encountering a brand out of stock situation (of their cigarette brand of choice) with 66 out of 82 (80 %) brand Loyal smokers state that they are prepared to drive to another store so as to obtain their brand of choice. However, 14 out of 82 (17 %) brand Loyal smokers would be inconvenienced enough by the out of stock situation to rather buy another brand of cigarettes if their brand of choice was not available. Only 2 % stated that they would rather go without cigarettes until such time as their brand is in stock.

Brand Disloyal

Fig. 4.8 reveals that when encountering a brand out of stock situation, the purchase patterns of brand Disloyal smokers are impacted to the extent that almost half of all brand Disloyal smokers (43%), represented by 9 out of 21 brand Disloyal smokers, would immediately buy another brand whilst 57% would go to another store to buy the same brand. Absolutely no brand Disloyal smokers are prepared to postpone their cigarette purchase at the time of encountering brand out of stocks.

Q31 If the price of your cigarette brand increased, with the price of all other cigarette brands remaining the same, what would you do?

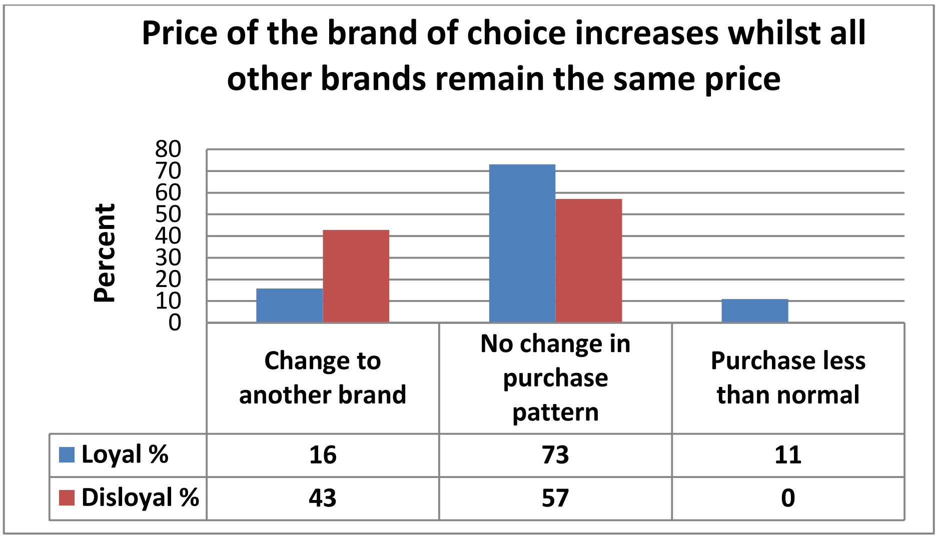

Fig 4.9 The price Increases for the brand of choice for brand Loyal and brand Disloyal smokers whilst all other brands remain the same price

Brand Loyal

Fig 4.9, which looks at the price elasticity of brand Loyal smokers, reveals that 16% of brand Loyal smokers would change to another brand, 11% would purchase less cigarettes than normal whilst 73% would not change their purchase pattern. This indicates that a total of 27% (16% and 11%) of all brand Loyal smokers would change their cigarette purchase patterns to either smoke less or it would induce trial of another brand.

Brand Disloyal

In Fig. 4.9 brand Disloyal smokers show a higher vulnerability to price increases as 43% of brand Disloyal smokers are likely to change to another brand when they encounter increases in the purchase price of their brand whilst 57% would not change their purchase pattern. No brand Disloyal smokers are prepared to purchase less than normal. This is line with the findings of Table 4.8 which reveal that a low price is important to brand Disloyal smokers (67%).

Q32 If the price of all other cigarette brands decreased, with the price of your brand remaining the same, what would you do?

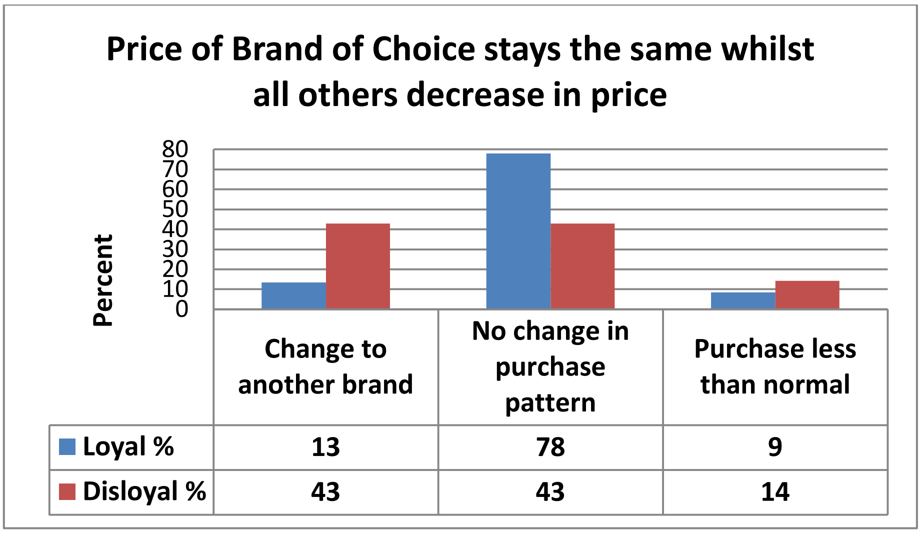

Fig 4.10 The price remains the same for the brand of choice for brand Loyal and brand Disloyal smokers whilst all other brands decrease in price

Brand Loyal

Fig. 4.10 reveals that when the price of all other cigarettes decrease, but the brand smoked by brand Loyal smokers stays the same price, it appears to be have a lesser impact on the cigarette purchase patterns of brand Loyal smokers as compared to Fig. 4.9 (The price of their brand increases and other brands stay the same). This is revealed in the findings of Fig. 4.10, whereby 78% of brand Loyal smokers will not change their purchase patterns as compared to 73% in Fig. 4.9. A total of 13% of brand Loyal smokers will change to another brand, and 11% will purchase less than normal.

Brand Disloyal

It is evident from Fig. 4.10 that when the price stays the same for the brand which brand Disloyal smokers smoke, whilst all other brands decrease in price, brand Disloyal smokers will either change to another brand (43%), not change their purchase pattern (43%) or purchase less of their usual brand (14%).

Q33 If a brand, other than your brand, introduces a free lighter or a bundle-offering such as a 'Buy 2 packs / 2 cartons at a reduced price', what would you do?

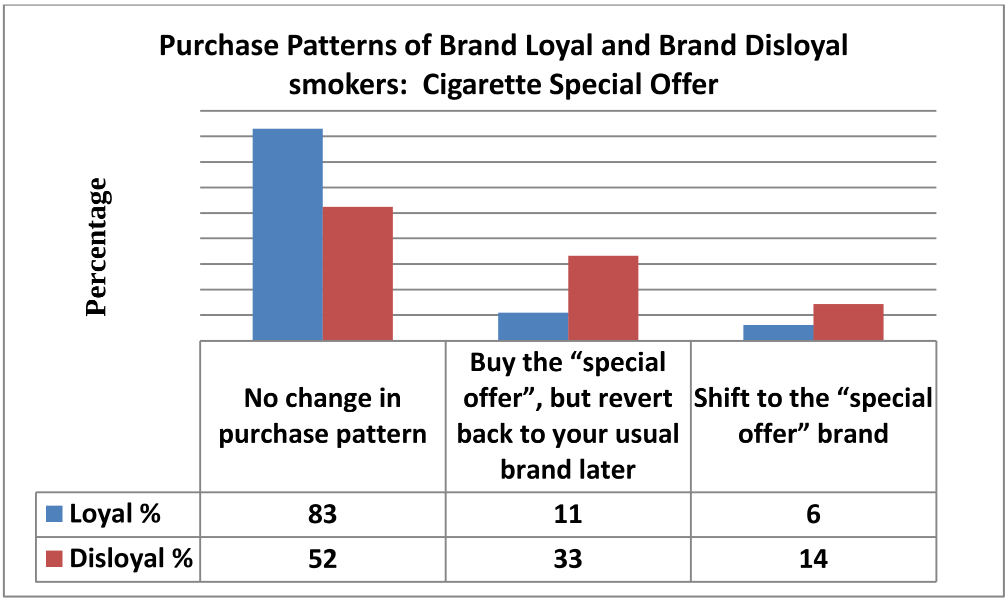

Fig 4.11 A competitor brand introduces a special offer on a cigarette brand

Brand Loyal

Fig. 4.11 reveals that a 'special offer' introduced to the market by a competitor brand, will induce 11% of brand Loyal smokers to purchase the special offer, however, this increase in customers for the competitor brand special offer, is likely to be temporary as brand Loyal smokers state that they will later revert back to their usual brand. The net loss of brand Loyal customers, to a competitor brand in the long term, is around 6% as these brand Loyal customers will permanently move across to the special offer brand. Hence a price special will result in an accumulated 17% change the purchase patterns of brand Loyal smokers (11% who will temporarily switch brands and 6% who will permanently switch brands).

Brand Disloyal

It is evident from Fig. 4.11 that should a 'special offer' of a competitor brand be introduced to the market, it will drastically change the purchase patterns of brand Disloyal smokers with almost 50% of all brand Disloyal smokers switching permanently to the special offer brand (14%) or alternately, 33% of brand Disloyal smokers who will buy the special offer and at a later stage going back to their usual brand. This will result in an accumulated 47%

change in purchase patterns of brand Disloyal smokers (33 % who will temporarily switch brands and 6% who will permanently switch brands).

Q34 If your income increased by (a) 10%, (b) 20% and (c) 40%, what would you do?

This question looks at the income elasticity of demand of both brand Loyal and brand Disloyal smokers and the extent to which this impacts upon the cigarette purchase patterns of brand Loyal and brand Disloyal smokers.

This is a two-part questions, firstly evaluating the cigarette purchase pattern changes of both brand Loyal and brand Disloyal smokers at increase in income levels of 10%, 20% and 40% and second looking at the cigarette purchase pattern changes of both brand Loyal and brand Disloyal smokers at Decreases in income levels of 10%, 20% and 40%

Table 4.10 Purchase Patterns of brand Loyal and brand Disloyal smokers at Increases in Income of 10%, 20% and 40%

INCOME INCREASES AT INTERVALS			
	No Change	**Purchase more Per occasion**	**Change to an Expensive brand**
Brand Loyal			
10 % Increase in Income	96%	2%	0%
20 % Increase in Income	88%	11%	0%
40 % Increase in Income	81%	5%	13%
Brand Disloyal			
10 % Increase in Income	91%	5%	5%
20 % Increase in Income	81%	14%	5%
40 % Increase in Income	67%	10%	24%

Brand Loyal

Table 4.10, which indicates the income elasticity of brand Loyal smokers, reveals that increases in income at a 20% level will not drastically change their cigarette purchase patterns, with only 11% stating that they will purchase more cigarettes per occasion. However, at a 40% increase in income level, brand Loyal smokers will significantly change their purchase patterns as a total of 18% of brand Loyal smokers will either purchase more cigarettes per occasion (5%) or change to a more expensive brand (13%).

Brand Disloyal

Table 4.10 reveals that increases in income at a 20% level will somewhat change their cigarette purchase patterns of brand Disloyal smokers with 14% stating that they will purchase more cigarettes per occasion and 5% stating that they will change to a more expensive brand. However, at a 40% increase in income level, brand Disloyal smokers will significantly change their purchase patterns with a total of 34% of brand Disloyal smokers stating that they will either change to a more expensive brand (24%) or will purchase more cigarettes per occasion (10%).

Q35 If your income decreased by (a) 10%, (b) 20% and (c) 40%, what would you do?

Table 4.11 Purchase Patterns of brand Loyal and brand Disloyal smokers at Decreases in Income of 10%, 20% and 40%

INCOME DECREASES AT INTERVALS				
	Change to a cheaper brand	**No change in purchase patterns**	**Buy less of your usual brand**	**Give up smoking**
Brand Loyal				
10 % Decrease in Income	5%	87%	5%	1%
20 % Decrease in Income	9%	78%	7%	1%
40 % Decrease in Income	16%	71%	9%	4%
Brand Disloyal				
10 % Decrease in Income	43%	52%	5%	0%
20 % Decrease in Income	43%	48%	10%	0%
40 % Decrease in Income	38%	33%	14%	14%

Brand Loyal

Table 4.11 reveals that decreases in income at a 10% level are somewhat important to brand Loyal smokers as at a 10% decrease in income for brand Loyal smokers 11% will change their purchase patterns, driven equally by changing to a cheaper brand (5%) and buying less of their usual brand (5%) , with 1% of all brand Loyal smokers indicating that they will quit smoking. A 20% decrease in income level, is also somewhat important as 17% will change their purchase patterns with 9% willing to change to a cheaper brand, 7% willing to buy less of their usual brand and 1% who will quit smoking. 2 out of 21 brand Loyal smokers declined to answer this question.

However, at a 40% decrease in income level, a total of 29% of brand Loyal smokers will significantly change their purchase patterns with 4% (of the 29%) stating that they will quit smoking, 16% (of the 29%) who will immediately change to a cheaper brand and 9% (of the 29%) of brand Loyal smokers who will buy less of their usual brand.

Brand Disloyal

It is evident from Table 4.11 that any decrease in income will significantly impact upon the purchase patterns of brand Disloyal smokers as even at a 10% decrease in income, 43% of brand Disloyal smokers will immediately change to a cheaper brand and 5% will buy less of their usual brand. At a 20% decrease in income level, slightly more brand Disloyal smokers will buy less of their usual brand (10%).

However, at a 40% decrease in income level, the purchase patterns of brand Disloyal smokers will substantially change as 14% of brand Disloyal smokers will quit smoking, 14% will purchase less of their usual brand and 38% will change brands immediately.

4.6.1 Objective Five: Summary of Findings

In the literature reviewed, Yee and Sidek (2008) state that pricing is probably the most important consideration for a consumer and customers with high brand loyalty are more willing to pay a premium price for their favoured brand, hence their purchase intention is not easily affected by changes in price (He and Li, 2011). Whilst demand for tobacco products is not as elastic as demand for many other consumer products, research has consistently demonstrated that increases in the price of tobacco products are followed by moderate falls in both the amount of tobacco products consumed or the percentage of people smoking (www.tobaccoinaustralia.org.au).

4.6.1.1 Brand Loyal

Out of all the scenarios, the two which most affect the purchase patterns of brand Loyal smokers are income elasticity relating to decreases in income, as when brand Loyal smokers experience a decrease of 40% in income as 29% of brand Disloyal smokers will change their purchase patterns and secondly, when the price of their brand of choice increases in price, whilst other brands remain the same price as 27% of all brand Loyal smokers will change their purchase patterns. This is followed by a scenario of when the brand of choice stays the same price, but other brands decrease in price (22%) a brand out of stock situation (20%), income elasticity relating to a 40% increase in income (18% change) and lastly when a competitor brand introduces a special offer (17%).

The 80% brand Loyalty when faced with out of stocks differs vastly to findings from other research in the literature review. Verbeke et al., (1997) found that 24% were willing to go to another store to find their brand and 21% would postpone their purchase.

In terms of the findings from Fig 4.9 which revealed that 16% of brand Loyal smokers would change to another brand, this is in line with the findings of He and Li (2011) who state that 16% of brand Loyal smokers would consider switching brands if the price of their brand increases. This is also in line with the findings from Table 4.8 in which price of least importance to brand Loyal smokers in terms of attribute ranking.

4.6.1.2 Brand Disloyal

Out of all of the scenarios, the two which appear to most affect the purchase patterns of brand Loyal smokers the most are firstly, income elasticity relating to decreases in income, as when brand Disloyal smokers experience a decrease of 40% in income as 66% of brand Disloyal smokers will change their purchase patterns and secondly, when the price of their brand of choice stays the same, but other brands decrease in price, as 57% of brand Disloyal smokers will change their purchase patterns. This is followed by a competitor brand introducing a special offer (47%), an out of stock situation (43%) and the price of their brand of choice increases (43%). Lastly, income elasticity relating to increases in income at a 40% level, whereby 34% of brand Disloyal smokers will change their purchase patterns.

When evaluating the results from Fig. 4.10, which reveals that 43% of brand Disloyal smokers, when the price of all other cigarettes decreases whilst theirs stays the same, will not change their purchase pattern (43%) or will purchase less than normal of their usual brand of choice (14%). This is potentially counter-intuitive in that brand Disloyal smokers will rather keep purchasing their current brand, albeit in smaller purchase quantities, rather than switching to the lower price-point brand being offered by a competitor brand. Brand Disloyal purchase pattern behaviour, by definition, is a smoker who over the course of a year, has changed brands (for various reasons) and based on that definition, it would seem to indicate that perhaps a far higher percentage of brand Disloyal smokers should have immediately switched to the cheaper brand.

4.7 Objective Six

To determine whether cigarette purchase patterns of brand loyal Gauteng smokers might change when faced with stringent anti-tobacco legislative changes.

The questions relating to Objective Six are as follows:

Table 4.12 Questions Relating to Objective Six

Question Number	Question	Table / Figure Number
Q38	In Australia, they have now made it legal to have all cigarette packs look exactly the same. This will mean that every single pack of cigarettes will all have bland green outside packaging, no cigarette branding or logo's, include pictures of diseased body parts on the front and the back of the packs with the brand name in small print at the bottom of the pack. If this law was passed in South Africa, what would you do?	Fig. 4.12
Q39	In the UK, they are considering passing a law which states that all cigarettes have to be hidden from view. This will mean that a cigarette smoker would have to request their usual brand by name only. If this law was passed in South Africa, what would you do?	Fig. 4.13

Definition of Plain packaging legislation: Plain packaging legislation will result in all cigarette packaging being a bland, dull green colour, with large pictures of diseased body parts and much larger health warnings on the packs.

Definition of Under-Counter legislation: Under-counter legislation will result in all cigarette brands be hidden from public view at place of purchase.

Plain Pack Legislation

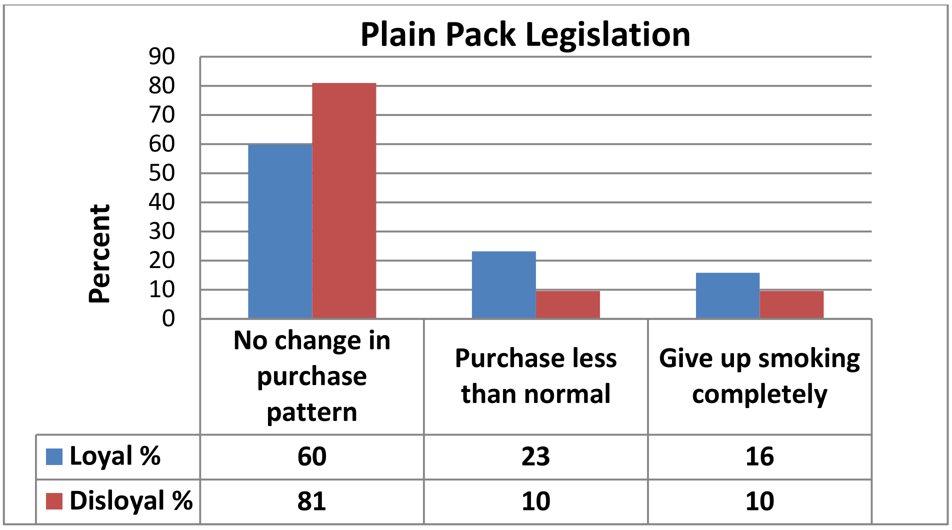

Fig 4.12 Purchase patterns of brand Loyal and brand Disloyal smokers if Plain Pack Legislation is introduced in South Africa

Brand Loyal

Fig 4.12 reveals that the purchase patterns of brand Loyal smokers will substantially change should plain packaging legislation be introduced in South Africa as 16% of brand Loyal smokers will immediately quit smoking and a further 23% will be willing to purchase less cigarettes than they normally do. Hence if this legislation is introduced, it will result in 39% (16% and 23%) of all brand Loyal smokers either substantially reducing the amount of cigarettes they smoke per day or choosing to give up smoking. However, 60% of all brand Loyal smokers state that they would not change their purchase patterns.

Brand Disloyal

Fig 4.12 indicates that should the plain packaging legislation be introduced in South Africa, it will make a minor difference to the smoking purchase patterns of brand Disloyal smokers as only 2 out of 21 brand Disloyal smokers (10%) would either give up smoking and a further 2 out of 21 brand Disloyal smokers (10%) who would purchase less of their cigarette brand than they normally do. In addition, 80 % of all brand Disloyal smokers state that they would not change their purchase patterns.

Under-Counter Legislation

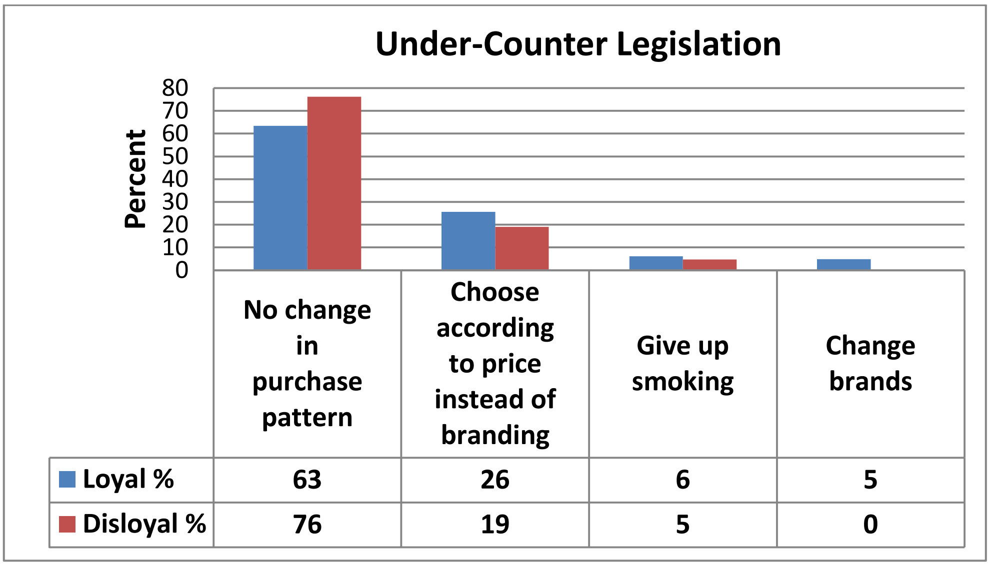

Fig 4.13 Purchase Patterns of brand Loyal and brand Disloyal smokers if Under-Counter Legislation is introduced in South Africa

Brand Loyal

It is evident from Fig. 4.13 that purchase patterns of brand Loyal smokers will change significantly should under-counter legislation be introduced as 26% of brand Loyal smokers will choose their cigarette according to price only instead of branding. In addition 5 % would change brands and 6% would give up smoking immediately. However, 63% of brand Loyal smokers would not change their purchase patterns.

Brand Disloyal

Fig. 4.13 reveals that with the introduction of legislation requiring that all cigarette brands be hidden from view at place of purchase, the findings from Fig. 4.12 reveal that the purchase patterns of brand Disloyal smokers will change significantly as 19% of brand Disloyal smokers would choose their brand based on price rather than branding and 5% will immediately give up smoking. However, 76% of brand Disloyal smokers would not change their purchase patterns.

4.7.1 Objective Six: Summary of Findings

4.7.1.1 Brand Loyal

Plain Packaging Legislation

Should plain packaging legislation be passed in South Africa, it would be a game-changer resulting in the cessation and / or reduction in the number of cigarettes smoked by brand Loyal smokers. Despite 60% of all brand Loyal smokers stating that they would not change their purchase patterns, 40% would change their purchase patterns (23% would purchase less than normal and 16% would immediately give up smoking.

The reasons for the substantial changes in purchase patterns for brand Loyal smokers can be found in Table 4.8, which looks at the important of brand and product attributes and the extent to which these brand and product attributes are likely to affect change in terms of cigarette purchase patterns. In Table 4.8, it was revealed that brand Loyal smokers place a premium on attractive packaging (70%) and aspects related to the brand such as brand name (91%) and brand colours (65%), hence the removal of these, with the introduction of plain packaging, appears to significantly reduce the interest in smoking or reduces the amount of cigarettes consumed by brand Loyal smokers.

4.7.1.2 Brand Disloyal

Plain packaging legislation will not substantially change the cigarette purchase patterns of brand Disloyal smokers as 80% of brand Disloyal smokers state that they would not change their purchase patterns whilst 10% would give up smoking immediately and 10% would purchase less of their cigarette brand than they normally do.

The reasons for the insignificant change in the purchase patterns of brand Disloyal smokers can be found in Table 4.8, which looks at the importance of brand and product attributes and the extent to which these brand and product attributes are likely to affect change in terms of cigarette purchase patterns. In this regard, it is evident that attractive packaging is not of great importance (48%) to brand Disloyal smokers and health warnings are of little interest to brand Disloyal smokers (38%). In light of this the increased size of the health warnings and the change in the cigarette packaging to a dull green colour with the introduction of plain packaging legislation would not result in a substantial change in purchase patterns of brand Disloyal smoker.

Under-Counter Legislation

Brand Loyal

The purchase patterns of brand Loyal smokers will change significantly should under-counter legislation be introduced as 26% would choose their cigarette based on price instead of brand-related aspects, 6% will give up smoking completely and 5% of all brand Loyal smokers would immediately change brands.

The finding that brand Loyal smokers will choose their brand based on price instead of cigarette branding, is counter-intuitive to the findings of Table 4.8 which, when rating the importance of various brand/product attributes in effecting change in the purchase patterns of brand Loyal smokers, it was revealed that brand Loyal smokers do not place a premium on aspects of pricing (62%). However, the findings here could indicate that brand Loyal smokers base their cigarette purchases on the pricing of both expensive and cheaper cigarettes. Hence, the 26% of brand Loyal smokers who will choose their brand no longer on brand-related aspects, but rather price, could be applicable to both a premium-priced cigarette (more expensive) or a value-priced cigarettes (less costly).

4.8 Discussion of the Results

As the findings of this research are indicative of a sample of Gauteng smokers only, the Discussion of the Results is limited to only this sample, and not generalisable to the South African smoking population.

In considering the results to the research questions the following becomes apparent:

4.8.1 Research Question One: What percentage of Gauteng smokers are brand loyal versus those who are brand disloyal?

Research Findings: A very high level of brand loyalty exists amongst a sample of cigarette smokers in Gauteng (80%). This loyalty percentage is higher in comparison to the findings from Dawes (2012), whose loyalty findings were around 60%, however an AC Nielson report on the purchase pattern of South African shoppers indicate that South African shoppers were unlikely to change their choice of branded products (Nielson, 2012), and could therefore be considered to be highly brand loyal.

4.8.2 Research Questions Two: What are the cigarette purchase patterns of brand Loyal and brand Disloyal smokers?

Research Findings: Similarities exist between the cigarette purchase patterns of brand Loyal and brand Disloyal smokers. Both brand Loyal and brand Disloyal smokers have smoked for more than 16 years, spend between R350 to +R500 per month on cigarette purchases and prefer to buy a pack of cigarettes, instead of a carton or loose cigarettes. However, they prefer to purchase their cigarettes from specific retailers, which differ from one another - brand Loyal smokers prefer Shoprite and Pick 'n Pay whilst brand Disloyal prefer Spar and 'Other retailer'.

4.8.3 Research Questions Three: Does brand awareness affect the purchase patterns of brand loyal and brand disloyal Gauteng smokers?

Research Findings:

It appears that brand awareness can be considered a strong factor affecting the purchase patterns of brand Loyal and brand Disloyal smokers. The findings indicate that higher levels of the awareness of cigarette brands leads to a greater propensity to purchase such brand/s. In addition smokers are more likely to have "smoked the brand yesterday" and are most likely to purchase the brand "next week". This is most clearly demonstrated in the top two brands listed in Table 4.6, namely Peter Stuyvesant and Courtleigh which retain their number one and number two position respectively, from the brand being "ever heard of" (brand awareness), converting the awareness of the brand into a sale of the brand (brand ever bought), converting into a trial of the brand (brand smoked yesterday) and intention to purchase the brand in the future (brand most likely to buy next week).

This is in line with the findings of Subhani and Osman (2009) who found that by raising brand awareness, it increases the likelihood of the brand being a member of the consideration set. This means that consumers respond strongly to brands that they are aware of and they tend to buy well established brands that they are familiar with/aware of.

4.8.4 Research Question Four: Which specific product attributes are valued by brand loyal and brand disloyal Gauteng smokers which could affect the purchase patterns of brand Loyal and brand Disloyal smokers.

Research Findings:

The overall findings of this study show that service quality (defined as always having a brand in stock, available for purchase, at store level), is a factor which most strongly influences the cigarette purchase patterns of both brand Loyal and brand Disloyal smokers and as such service quality has a strong relationship to purchase patterns. In addition, brand name, brand colours, product quality and packaging are factors which are attributable to the purchase patterns of brand Loyal smokers, which is in line with the findings of Khraim (2011).

Price appears to have a neutral relationship to the purchase patterns of brand Loyal smokers. In terms of brand Disloyal smokers, price and product quality appear are strong drivers of influence in terms of the purchase patterns of brand Disloyal smokers. Packaging appears to have a neutral relationship to the purchase patterns of brand Disloyal smokers.

4.8.5 Research Questions Five: What impact might various scenarios might have on the purchase patterns of brand loyal Gauteng smokers?

Research Findings:

Income Elasticity

Out of all the scenarios, the three which most affect the purchase patterns of brand Loyal and brand Disloyal smokers are related to income elasticity, price elasticity and brand out of stock situations at store level. In terms of income elasticity, at a 40% decrease in income level, demand for cigarettes yields on average, a 30 - 60 % change in the purchase pattern of brand Loyal and brand Disloyal smokers respectively, with both brand Loyal and brand Disloyal smokers either quitting smoking or reducing their consumption. This is in line with the findings of Gar et al., (2010) who found that 22% of smokers consider income to be an important factor, but 73% of smokers consider income to be an important factor when switching brands.

Cigarette Price Changes

Changes in the pricing of cigarettes yields a high impact on the purchase patterns of brand Loyal and brand Disloyal smokers, as when pricing of their brand of choice increases, consumption declines, therefore price elasticity can be said to have a strong relationship to purchase pattern behaviour. These findings are in line with Gar et. al (2010) and with those of Farrelly (2006).

Out of Stock (OOS) Situations

Out of stock situations are the third most important factor influencing the purchase pattern of brand Loyal and brand Disloyal smokers. Both brand Loyal and brand disloyal smokers will change their cigarette purchase patterns by 20% and 43% respectively. This is supported by the findings of Gar et al. (2010) who stated that 48% of smokers say product availability is an important factor when they are changing brands and Verbeke et al., (1997) citing Emmelheinz et al., (1991) who states that 32% of consumers change brands in response to a brand out of stock.

4.8.6 Research Questions Six: Do cigarette purchase patterns of brand loyal Gauteng smokers change when faced with stringent anti-tobacco legislative changes?

Research Findings:

The potential cigarette purchase patterns of both brand Loyal and brand Disloyal smokers change substantially in the event of legislative changes taking place in South Africa.

Plain Pack Legislation

Plain pack legislation would yield the greatest impact on the purchase patterns of both brand Loyal and brand Disloyal smokers, resulting in the cessation and / or reduction in the number of cigarettes smoked by 59% of brand Loyal smokers and 18% of brand Disloyal smokers.

Under-counter Legislation

Although the under-counter legislation does not potentially have as great an impact as plain packaging legislation in terms of the cessation and / or reduction in the number of cigarettes smoked at 11 % in total, it does however still effect a change in the purchase patterns of brand Loyal and brand Disloyal smokers.

4.9 Conclusion

This chapter examined the cigarette purchase patterns of both brand Loyal and brand Disloyal smokers. In this regard, it has been shown that similarities exist in the cigarette purchase patterns of brand Loyal and brand Disloyal smokers with regards to the length of time smoking (16 years), the average monthly spend on cigarette purchases (between R350 to +R500 per month); the migration of brand awareness to brands ever purchased, ever smoked and likely to be smoked next week; a priority for having their brand of choice in stock and both being prepared to go to another store to acquire their brand should it be out of stock and finally, at a 40% decrease in income, the purchase patterns of both brand Loyal and brand Disloyal smokers are most affect.

In terms of where the purchase patterns of brand Loyal and brand Disloyal smokers differ is in their retailer of choice with brand Loyal smokers preferring Shoprite and Pick ‘n Pay whilst brand Disloyal prefer Spar and ‘Other retailer’. In addition, the purchase pattern of brand Loyal smokers are most affected when the price of their brand stays the same whilst other brands decrease, whilst for brand Disloyal smokers, it is when the price of their brand increases, whilst other brands decrease. In addition, plain packaging legislation effects the most change in the purchase patterns of brand Loyal smokers, whilst the under-counter legislation effects the most change for brand Disloyal smokers.

Chapter five, which follows contains the conclusions and recommendations of this research

CHAPTER FIVE: RECOMMENDATIONS

5.1 Introduction

Based on the findings from Chapter Four, this chapter puts forward recommendations in terms of each Objective. These recommendations are based on the findings of a sample of Gauteng smokers; hence the recommendations cannot be seen as being representative of the Gauteng smoking population.

The recommendations have been made predominantly for brand Loyal smokers as the sustainability and profitability for tobacco companies rests with customers who loyal, and by definition, are not likely to switch brands as compared to brand Disloyal smokers.

5.2 Objective One

Research Question: Are you still smoking the same brand you were smoking a year ago?

5.2.1 Objective One: Summary of Findings: 82 out of 103 participants in the research indicated that they were still smoking the same brand they were smoking a year ago, with 21 out of 103 participants indicating that they had changed brand s over the course of the year. Based on the definition of cigarette brand loyalty for the purposes of this research which required smokers to still be smoking the same brand as a year ago, it can be ascertained that the sample of Gauteng smokers have a high level of brand loyalty (80%). This is very high compared to other consumer goods loyalty percentages as mentioned in the literature review.

5.2.2 Objective One: Recommendation: It is recommended that a further study be conducted which is representative of either the total Gauteng or South African smoking population, in order to determine whether the patterns emerging in this study can be supported.

5.3 Objective Two

Research Question: What are the cigarette purchase patterns of brand Loyal and brand Disloyal smokers?

5.3.1 Objective Two: Summary of Findings:

5.3.1.1 Brand Loyal smokers smoke on average 6 – 20 cigarettes per day, they prefer a pack of 20's as opposed to carton purchases or 10's / loose cigarettes, however they show a higher propensity, compared to brand Disloyal smokers, to purchase loose cigarettes; they spend equally either between R350 – R500 per month or +R500 per month on cigarettes; they have been smoking for more than 16 years and slightly more than 20% of brand Loyal smokers are smoking more cigarettes this year compared to last year. Brand Loyal smokers predominantly buy their cigarettes from either Shoprite stores or Pick 'n Pay stores.

5.3.1.2 Brand Disloyal smokers smoke predominantly between 11 – 20 cigarettes per day with some smoking more than +30 cigarettes per day; they prefer a pack of 20's but also show an interest in cartons; they show a higher propensity to purchase 10's cigarettes as compared to brand Loyal smokers; they spend between R350 – R500 and +R500 per month on cigarettes and 24% of brand Disloyal smokers are smoking more cigarettes this year compared to last year. Brand Disloyal smokers predominantly buy their cigarettes either from Spar or 'Other Retailer'.

5.3.2 Objective Two: Recommendations

As brand Loyal smokers show a preference for packs of 20's as opposed to cartons or packs of 10's, it is recommended that tobacco companies, when launching a price special offer it for packs of 20 only. In addition, as brand Loyal smokers primarily purchase their cigarettes at Shoprite stores and Pick 'n Pay stores, it is recommended that tobacco companies focus their price special launch at these two retail groups in order to get a good return on investment.

As brand Disloyal smokers show a preference for packs of 20's but also show a preference for carton purchases as well, it is recommended that tobacco companies, when launching a price special offer it on cigarette packs as well as carton special offers. In addition, as brand Disloyal smokers primarily purchase their cigarettes at Spar and 'Other Retailer', it is recommended that tobacco companies focus their price special launches at these two retail groups in order to get a good return on investment.

5.4 Objective Three

Research Question: Does brand awareness affect the purchase patterns of brand Loyal and brand Disloyal Gauteng smokers?

5.4.1 Objective Three: Summary of Findings: Brand awareness positively affects the purchase patterns of brand Loyal smokers. Based on the findings from Q1 (a-c) and Q8, it is apparent that high levels of brand awareness positively affect the purchase patterns of brand Loyal smokers. This results in brands with high levels of awareness consistently remaining in the top 10 brands for "brand ever purchased, brand purchased yesterday and the brand most likely to be purchased next week".

5.4.2 Objective Three: Recommendations: South Africa is a highly restrictive market in terms of marketing and advertising cigarettes; hence it is recommended that the only way in which cigarette companies can effectively and legally build high brand awareness is by ensuring that cigarette brand packs stand out on shelf. Brands need to be highly visible so as to be noticed and hence become part of a consideration set of brands to be purchased.

This can be achieved three-fold, by firstly engaging in product innovation, secondly through effective cigarette pack design, or thirdly by offering a price special for a particular brand. These can be launched in the predominant place of purchase for brand Loyal smokers.

All of these possibilities are explored in detail below.

5.4.2.1 Product Innovation

As evidenced from the literature review, tobacco companies have had success with innovations such as capsule filter technology which enables the smoker to change the taste of the cigarette by popping a small ball inside the filter, usually menthol.

Recommendation: It is recommended that tobacco companies in South Africa implement capsule filter technology in all their brands that have a menthol variant, and to ensure that the technology is refreshed prior to winter each year when menthol cigarette sales start to increase. As per the findings regarding attribute preference in Table 4.8, anything which can enhance the smoothness of the taste of the cigarette as an attribute is very important. In order to get greater stand-out on shelf and build visibility in communicating the product innovation, posters and pack displays, showing the specific brand innovation, can be built at place of purchase.

5.4.3.2 Packaging design can optimise brand awareness and create brand building opportunities at both place of purchase through effective retail and wholesale pack displays and post- purchase in the form of 'advertising' as the cigarette pack is always carried by the brand Loyal smoker and each time a smoker take a cigarette out of the pack, and perhaps left on the table, it is visible to both smokers and non-smokers. In this way, should the packaging design stand out, it will serve as a very effective form of brand visibility

Recommendation: In order for cigarette companies to get the best return on investment for cigarette pack changes, it is recommended that tobacco companies re-engineer their cigarette packs such that the product attributes from Table 4.8, which are highly ranked by the sample of cigarette smokers, are included in the design process. It is recommended that brand colours stand out more on shelf by perhaps using brighter colours as well as ensuring that the brand name is bigger and bolder on the cigarette pack. In addition, it is recommended that in this regard, a higher percentage of pack displays are hard packs, as opposed to soft packs based on a higher preference for hard packs.

Of course it is noted that such recommendations will only be effective until plain packaging is legislated.

5.4.3.3 Price Specials

Findings from Fig. 4.11, which asks whether the cigarette purchase patterns of brand Loyal smokers would change if they were offered a free lighter or a cigarette price special such as an offering of two packs or two cartons at a reduced price (compared to buying them individually), reveals that 17 % of brand Loyal smokers would take advantage of the special offer. This would result in greater levels of brand awareness for the competitor cigarette brand, perhaps leading to the brand becoming the new brand of choice for the smoker.

Recommendation: It is recommended that tobacco companies offer effective price specials on brands which are lagging in terms of brand awareness so as to gain greater awareness, and to attract new users of the brand. For greatest uptake, it is recommended that this take place either during holiday seasons or in February when income is most under pressure. As revealed in Fig. 4.6, the predominant place of purchase of cigarettes for brand Loyal smokers is Shoprite stores (39%) and Pick ‘n Pay stores (39%) as evidenced by the results of Q29.

5.4.3.4 Place of Launch of all three initiatives:

Recommendation: When a brand price special is launched, it is recommended that tobacco companies invest their resources predominantly on Shoprite and Pick ‘n Pay stores so as to gain the most traction, as this is predominantly where brand Loyal smokers purchase their cigarettes.

5.5 Objective Four

Research Question: What specific product attributes are valued by brand Loyal and brand Disloyal Gauteng smokers?

5.5.1 Objective Four: Summary of Findings:

5.5.1.1 Brand Loyal smokers regard service quality, as represented by always having their brand in stock and available for purchase at store level, to be of paramount importance. The cigarette purchase patterns of brand Loyal smokers are positively affected by brand availability, brand-related aspects and product quality. The purchase patterns of brand Loyal smokers are neutral with regard to a low price.

5.5.1.2 Brand Disloyal smokers also regard service quality to be of paramount importance. The cigarette purchase patterns of brand Disloyal smokers are positively affected by product availability, product quality and a low price. Brand related aspects and packaging do not significantly impact upon the purchase patterns of brand Disloyal smokers.

5.5.2 Recommendations:

As product availability was identified as a priority for both brand Loyal smokers and brand Disloyal smokers, it is recommended that tobacco companies always ensure that the frequency of the calling cycle of sales reps on the retail stores is optimal so as to always ensure orders are placed for all brands at store level, or alternately replenished.

5.6 Objective Five

Research Question: What impact do the following scenarios have on the purchase patterns of brand Loyal smokers?

5.6.1 Objective Five: Summary of Findings: The purchase patterns of brand Loyal smokers are most affected by brand out of stocks at store level and when a competitor brand offers a price special. In terms of income increases, it is at a 20% income increase level that brand Loyal smokers will purchase more cigarettes of their brand of choice and it is only at a 40% income increase level that brand Loyal smokers will be prepared to change to a more expensive brand. In terms of income decreases, it is only at a 40% income decrease level that brand Loyal smokers will either give up smoking (4%) or change to a cheaper brand (16%).

5.6.1.1 Price Changes

In Fig. 4.9 and Fig. 4.10 two scenarios were explored – firstly, when the price of the brand of choice of the brand Loyal smoker increases whilst the price of other brands remained the same and secondly, when the price of all competitor brands decreased whilst the brand of choice of the brand Loyal smoker stayed the same.

Although the findings indicated that both scenarios had a negative effect on the purchase patterns of both brand Loyal and brand Disloyal smokers, the biggest impact was due to the price increase of their brand whilst the price of other brands remained the same price.

5.6.2 Recommendation: When tobacco companies increase their cigarette prices, they need to do so ideally at the same percentage point increase of other competitor tobacco companies. Should they not do so, it will create a price differential in the market-place which appears to be an effective inducement for brand Loyal smokers to change brands, perhaps leading to lost customers for the brands affected by the pricing differential.

5.6.1.2 Special Offer

The findings of Fig.11 indicate that the purchase patterns of brand Loyal smokers will be substantially affected should a competitor brand run a special offer such as a free lighter or offering two packs or cartons are a reduced cost (compared to buying them individually), as 17% of brand Loyal smokers would take advantage of the special offer.

Recommendation: It is highly recommended that tobacco companies include this special offer in their marketing and sales strategy in order to positively influence the purchase patterns of brand Loyal smokers such that they take advantage of the special offer brand.

5.6.1.3 Encountering a brand out of stock situation

Despite brand Loyal smokers remaining incredibly loyal to their brand of choice when they encounter an out of stock situation, even preferring to go to another shop and buy the same brand there, 17% of brand Loyal smokers will find it enough of a frustration to result in them buying another brand of cigarettes.

Recommendation: It is recommended that tobacco companies ensure that the frequency of sales representatives calling on all stores is optimal in order for reps to regularly re-stock the shelves at store level with all brands as well as for the brand reps to place new orders at store level, especially at Shoprite and Pick ‘n Pay stores where brand Loyal smokers predominantly purchase their cigarettes from.

5.6.1.4 Income Changes

Summary of Chapter Four Findings: At a 20% increase in income, the purchase patterns of brand Loyal smokers is positively influenced, resulting in brand Loyal smokers purchasing more of their brand of choice. However, at a 40% increase in income, the purchase patterns of brand Loyal smokers is negatively influenced, resulting in brand Loyal smokers changing to a different, more expensive brand.

At a 20% and 40% decrease in income, the purchase patterns of brand Loyal smokers is negatively influenced. At a 20% decrease in income 1% of brand Loyal smokers will giving up smoking, or 9% changing to a cheaper brand and7% buy less of their usual brand. At a 40% decrease in income, 4% will give up smoking, 16% will change to a cheaper brand and 9% will buy less of their usual brand.

Recommendation: Changes in consumer income levels are out of the control of tobacco companies, however, what is recommended, is that they ensure that their brand offerings encompass both the more expensive, premium-priced brands as well as the cheaper priced brands. In addition, they can cater for both increases in income, by creating an exclusive offer for their more expensive brands such as a very expensive lighter offered free with each pack of cigarettes, and for their cheaper brands, they can offer a special price offering on the purchase of two packs or cartons.

5.7 Objective Six

Research Question: Do cigarette purchase patterns of Brand Loyal Gauteng smokers change when faced with stringent anti-tobacco legislative changes?

The research question relates to Q37 and Q38, namely:

5.7.1 Chapter Six: Summary of Findings:

5.7.1.1 Plain Packaging Legislation: Should plain packaging legislation be passed in South Africa, it would be a game-changer as 26% of the sample of Gauteng smokers would quit smoking (16% brand Loyal and 10% brand Disloyal smokers) and 33% of the sample of Gauteng smokers would definitely purchase less cigarettes than normal (23 % brand Loyal smokers and 10 % brand Disloyal smokers). In total, it would result in the cessation and / or reduction in the number of cigarettes smoked of 59% (26 % and 33%) of brand Loyal Gauteng smokers.

5.7.1.2 Under-Counter Legislation: Should under-counter legislation be passed in South Africa, 11% of Gauteng smokers (6% brand Loyal smokers and 5% brand Disloyal smokers) would give up smoking. Hence, the effectiveness of this legislation, whilst not insignificant, would yield an 11% cessation level.

5.7.2 Objective Six: Recommendations: Based on the effectiveness in both reducing consumption of cigarettes and high cessation levels, it is recommended that the Ministry of Health implement the plain packaging legislation, as opposed to the under-counter legislation, as it would result in 26% of the sample of Gauteng smokers quitting smoking and 33% of the sample of Gauteng smokers reducing the amount of cigarettes that they smoke.

As South Africa is a signatory of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC), whose objective is to continually and substantially reduce the prevalence of tobacco use and exposure to tobacco smoke, the plain packaging legislation would yield the greatest success for the Ministry of Health in this regard.

5.8 Suggestions for Further Research

It is recommended that another study be conducted using a representative sample of smokers in Gauteng as well as other regions in South Africa, so as to further expand upon the findings in this research and to determine whether the patterns emerging from this study can be supported.

In addition, a qualitative study could be conducted on the psychological aspects of brand Disloyal smokers in order to understand, in greater depth, their specific consumer needs so as to allow tobacco companies to satisfy their requirements and reduce the level of cigarette brand switching inherent in this consumer base. Such recommendation is constrained by the possible introduction of more stringent legislation and as such, tobacco companies need to consider the recommendation accordingly.

5.9 Closing Remarks

Research regarding the purchase patterns of brand Loyal and brand Disloyal smokers has been considered based on the six research objectives. In this regard, recommendations have been put forward for each research objective. Based on the general fickleness of the nature of brand Disloyal smokers, the recommendations have been predominantly based on the findings of brand Loyal smokers who are a more sustainable consumer base.

Although the scale of the research is small, comprising a sample size of 103 cigarette smokers (1% of all smokers in Gauteng), it has been identified by Sekaran (2003) that a study with fewer than thirty respondents is statistically unsound and hence, this study, whilst small in sample size is still statistically sound. In spite of this, should the recommendations be implemented, they should be carefully controlled and monitored in case there are deviations from what the findings of this study suggest. This is due to the geographical, income and various other variables which pertain to people who purchase cigarettes throughout South Africa.

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APPENDIX 1

QUESTIONNAIRE

CIGARETTE AWARENESS / BRAND RECALL

Q1. **Cigarette Purchases & Brand Recall**:

Please select by ticking the relevant brands:

Brands Name	**Which of these brands have you ever heard of? (a)**	**Which of these brands have you ever bought? (b)**	**Which brand/s are you likely to buy in the next week? (c)**	**Which brand/s would you never buy again? (d)**
Marlboro (any)				
Voyager Gold				
Voyager Lights				
Voyager Menthol				
Voyager Blue				
Voyager Super Slims				
Voyager Red				
Voyager White				
Peter Stuyvesant (any)				
Kent (any)				
Chesterfield (any)				
Princeton Filter				
Princeton Blue				
Courtleigh (any)				
Aspen Lights				
Aspen Filter				
Craven A (any)				
Embassy (any)				
Sahawi (any)				
Yes (any)				
Winston (any)				
Dunhill (any)				
Pacific				
Vogue (any)				
LD Menthol				
LD Blue				
LD Red				
Glamour (any)				
Camel (any)				
Rothmans (any)				
Savannah Red				
Savannah Blue				

SMOKING PREFERENCE

Q2. How many cigarettes do you smoke per day?

Only smoke socially ☐	1- 5 ☐	6 - 10 ☐	11 - 20 ☐	+ 30 x ☐

Q3. Which cigarette pack did you last purchase?

10's ☐	20's ☐	30's x ☐	Loose ☐	Other ☐

Q4. What is your usual current purchase size?

Packs ☐	Cartons X ☐	Loose ☐	Other ☐

Q5. How much do you typically spend on cigarettes monthly?

<than R100 ☐	R100-R200 ☐	R200-R350 ☐	R350-R500 ☐	+R500 x ☐

BRAND LOYALTY

Q6. How long have you been smoking for? (in years)

☐

Q7. What brand and variant do you currently smoke? (A Variant is, for example: Peter Stuyvesant Mild / Camel Ultra Lights)

…………………………………………………

Q8. What brand and variant did you smoke yesterday?

………………………………………………

Q9. Are you smoking the same brand you were smoking a year ago?

(If respondent answers No to Question 9, ask Question 10(a) and 10 (b).

(If respondent answers Yes to Question 9, proceed to Question 11)

Yes ☐	No ☐

Q10. (a) What brand were you smoking a year ago? ……………………………….

(b) Why did you switch brands?

………………………………………………………………………………..

…………………………………………………………………………………

Q11. Are you smoking more or less than a year ago:

More cigarettes per day ☐	Less cigarettes per day ☐	The same amount per day ☐

Q12. If you had complete freedom to choose the brand of cigarettes you would smoke, then what brand would you choose? (Unprompted – write down the first brand which the respondent names).

…………………………………………………………………………………

BRANDING / IMAGERY

I'd like you to think about some various things which may influence the cigarette you choose to smoke,

and I would like you to tell me how important each aspect is. Please answer using a 5 point scale, where 1 is not at all important and 5 is very important to you.

Scale	Description
1	Not important at all
2	Somewhat unimportant
3	Neither important nor

	unimportant
4	Slightly important
5	Very important

Product attributes	**Not important at all (1)**	**Somewhat unimportant (2)**	**Neither important nor unimportant (3)**	**Slightly Important (4)**	**Very Important (5)**
Q13: How important is a Low Price cigarette to you?					
Q14: How important is a cigarette Brand Name to you?					
Q15: How important is the Nicotine content in cigarettes for you?					
Q16: How important is the Tar content in cigarettes for you?					
Q17: How important is the Availability of your brand at your usual shop to you?					
Q18: How important is the Tobacco Taste to you?					
Q19: How important is Attractive Packaging to you?					
Q20: How important are the Brand Colours to you?					
Q21: How important is the Outer Box Design / Shape to you?					
Q22: How important is a Hard Pack to you?					
Q23: How important is a Soft Pack to you?					
Q24: How important are the Health Warnings to you?					

25. If you had to name the one single thing that is most important to you in choosing a cigarette, what would it be?

____

____

Q26. I'd like you to think about some product attributes and tell me which statement best applies to you.

(a)	High Tar ☐	Low Tar ☐	Never thought about Tar ☐
(b)	High Nicotine ☐	Low Nicotine ☐	Never think about Nicotine ☐
(c)	Thick cigarettes ☐	Thin cigarettes ☐	Never thought about thickness ☐
(d)	Longer cigarettes ☐	Shorter cigarettes ☐	Never thought about the length ☐

Q27. Please tell me which of the brands in the list you instinctively associate with the following attributes. You may associate more than one brand. If you don't associate an attribute with any of the listed brands, you may select None. Please remember there are no right or wrong answers here, we are just looking to understand your personal perception.

Brands	**Peter Stuyvesant**	**Marlboro**	**Voyager**	**Camel**	**Princeton**	**Aspen**	**Dun-hill**	**Chester-field**	**None**
Trustworthy									
Good Quality									
Exciting									
Great Taste									
Cheap									
Cool									
Healthy									
Good Aroma									
Natural tobacco flavour									

Is a smooth smoke									

PURCHASE PATTERNS

Q28. Where do you normally buy your groceries?

P ‘n P ☐	Spar ☐	Shoprite ☐	Checkers ☐	Makro ☐	Game ☐	Woolworths ☐	Other Wholesaler / Cash & Carry ☐	Other Retailer ☐

Q29 Where do you normally buy your cigarettes? (Please select as many as applicable)

P ‘n P ☐	Spar ☐	Shoprite ☐	Checkers ☐	Garage ☐	Makro ☐	Game ☐	Other ☐

Q30. If your brand of choice was not available at your usual place of purchase, what would you do?

Go to another shop & buy the same brand ☐	Buy another brand of cigarettes ☐	Postpone buying cigarettes at that time ☐

Q31. If the price of your cigarette brand increased, with the price of all the other cigarette brands remaining the same, what would you do?

Shift to another brand ☐	No change in purchase pattern ☐	Purchase less than normal ☐	Give up smoking ☐

Q32. If the price of all other cigarette brands decreased, with the price of the your brand remaining the same, what would you do?

Shift to the decreased price brand ☐	No change in purchase pattern ☐	Purchase less than normal ☐

Q33. If a brand, other than your brand, introduces a free lighter or a bundle offering, for example 'Buy 2 packs or 2 cartons at a reduced price', what would you do?

Shift to the "special offer" brand ☐	No change in purchase pattern ☐	Buy the "special offer", but revert Back to your usual brand later ☐

Q34. If your income increased by the following percentage (%), what would be your reaction?

Description	**10 % Increase in salary (a)**	**20 % Increase in salary (b)**	**40 % Increase in salary (c)**
Change to a more expensive brand			
No change in your buying pattern			
Buy more of your usual brand			
Other (describe)			

35. If your income decreased by the following percentage (%), what would be your reaction?

Description	**10 % Decrease in salary (a)**	**20 % Decrease in salary (b)**	**40 % Decrease in salary (c)**
Change to a cheaper brand			
No change in your buying pattern			
Buy less of your usual brand			
Give up smoking			

Q36. If your income decreased and you continue to purchase the same amount of cigarettes, what would you be willing to cut back on?

Interviewer: There can be multiple answers. Please capture the answer in order of naming by writing a 1 for the first choice answer, 2 for the second choice answer etc.

Description	**10 % Decrease in salary (a)**	**20 % Decrease in salary (b)**	**40 % Decrease in salary (c)**
Alcohol			
Dining out			
Clothing purchases			
Food			
Other (describe)			

Q37. In Australia, they have now made it legal to have all cigarettes look exactly the same. This will mean that every single pack of cigarettes will all have bland green outside packaging, no cigarette branding or logo’s, pictures of diseased body parts on the front and back of the packs, and the Brand name in small print at the bottom of the pack. If this law was passed in South Africa, what would you do?

No change in purchase pattern ☐	Purchase less than normal ☐	Give up smoking completely ☐

Q38. In the UK, they are considering passing a law which states that all cigarettes have to be hidden from view. This will mean that a cigarette smoker would have to request their usual brand by name only.
If this law was passed in South Africa, what would you do?

Change brands ☐	No change in purchase pattern ☐	Choose according to price instead of branding ☐	Give up smoking ☐

Q1. Please state your gender

Male ☐	Female ☐

Q2. Please indicate your age

18 - 24 ☐	25 - 34 ☐	35 - 49 ☐	50 + ☐

Q3. In which area of Gauteng do you live?

……………………………………………………

Q4. Please your marital status

Single ☐	Living together ☐	Married ☐	Divorced ☐

Q5. Would you describe yourself as ?

African/ Black ☐	Caucasian ☐	Coloured ☐	Indian ☐	Other ☐

Q6. Which of these best describes your job?

Manageri al ☐	Profession al ☐	Administrat ive ☐	Artisa ☐	Stude ☐	Unemploy ☐	Home E ☐	Other ☐

Q7. What is your income bracket (Gross)

< R5,00 ☐	R5,0001 – R15,0 ☐	R15,000 – R25,0 ☐	R25,001 – R45,0 ☐	+R45,000 ☐

Q8. What is your highest education level?

Below Matric ☐	Matric ☐	Diploma ☐	Degree ☐	Post Graduate Qualification ☐

Q9. I decline to answer / participate: ☐

APPENDIX 2

ETHICAL CLEARANCE

UNIVERSITY OF
KWAZULU-NATAL
INYUVESI
YAKWAZULU-NATALI

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10 October 2011

Ms N Magrath (203514842)
Graduate School of Business

Dear Ms Magrath

PROTOCOL REFERENCE NUMBER: HSS/1013/011M
PROJECT TITLE: Investigating Cigarette Purchase Patterns by Gauteng Smokers

In response to your application dated 5 October 2011, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL.**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.
PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....
Professor Steven Collings (Chair)
Humanities & Social Science Research Ethics Committee

cc Supervisor – Alec Bozas
cc Mrs. C Haddon

APPENDIX 3

TURNITIN SUMMARY

Turnitin Originality Report
nm by Nadine Macgrath
From Final Submission (Dissertation 2012)

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