

UNIVERSITY OF KWAZULU-NATAL

**Customers' Perceptions of Private Label Products
at Cash Crusaders, Western Cape**

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of the requirements for the degree of
Masters of Business Administration**

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Abstract

Private label products have a high market penetration level globally yet in South Africa they have lower penetration levels than in many other countries. Private label products were introduced by Cash Crusaders to offer a budget alternative of value to customers. Cash Crusaders devotes considerable resources to procure quality goods for their private labels. In spite of this, the turnover of the private label range is in decline. The private label electronic products retailed by Cash Crusaders, are reporting lower sales than in previous years in both units and profits. Research identified customer perceptions concerning the private label product range. The results have been channelled into better marketing to the target market to grow market share for Cash Crusaders. The objectives of the study were to establish the demographic profile of Cash Crusaders' customers in the Western Cape, to identify whether customers are aware of the private label brands sold by Cash Crusaders, to ascertain how many customers perceive quality in the private label ranges, to determine if customers consider the private label brands to be value for money and to determine whether Cash Crusaders' customers are aware of Cash Crusaders advertising. A quantitative study was conducted to obtain responses from customers who have purchased the private label range in the last 12 months. This was to determine their perceptions of quality and value for money; the demographic profile that purchases these products and whether customers observe sufficient marketing from Cash Crusaders. The study also obtained responses, from both customers and non-customers, on whether they were aware of the private label range. The study revealed that many customers agree that the products are of good quality and offer value for money. The study revealed that purchasers of the private label products tend to be coloured males aged between 26 and 30 years and customers do take note of the marketing initiatives. Recommendations have been made concerning ways for shoppers to perceive better value for money in the private label range and to have sales staff to be given product knowledge. The recommendations also include an integrated marketing campaign to ensure that the messages are not mixed, but instead are clear and concise. A limitation of the study was that the data was cross sectional and only represented a single period.

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List of Definitions

Private label products: A product or range of products exclusive to one retailer. They are a cheaper alternative to an already existing product but can expand the product range within the category. They are cheaper due to a lower spend on advertising, procurement and research and development (Dawes & Nenycz-Thiel, 2011). An example of this is Pick n Pay's "No Name Brand" products.

National brands: A product or range of products that is available from national retailers with prominent brand names (Dawes & Nenycz-Thiel, 2011). An example of this is Sony and Pioneer.

Customer: A customer for the purposes of this study is a respondent who has purchased an item of the private label range at Cash Crusaders within the last 12 months.

Non-customer: A respondent who has not purchased a private label product in the last 12 months.

List of Acronyms and Abbreviations

CEO	Chief executive officer
DJ	disc jockey
LSM	Lower lifestyle standards medium
Ps	Product, price, place and promotion
SMS	Short message service
SPSS	Statistical Product and Service Solutions
TV	Television
vs.	<i>versus</i>
WOM	Word-of-mouth

CHAPTER ONE:

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Private label products were introduced by suppliers many years ago. Consumers have been exposed to private labels through their competitive pricing and no frills appeal as compared to nationally branded products. Private label products were created to offer customers a wider variety of products to choose from and at different prices that would suit a wider range of customers at various levels of disposable income. Mullick-Kanwar (2013) described private label products as generic products that compete using a price-value proposition. Private label products also have the characteristic of being available from one retailer. The retailer in question owns the private label range (Beneke, 2009).

Private label products have a place in the market through the higher profits that they offer retailers and economies of scale by the wholesaler. They also increase the footprint of the retailers. The economic trend of restrictive spending and the value-price proposition creates a suitable environment for these products to thrive (Halstead & Ward, 1995).

This is confirmed by Tesco and other retailers that are increasing their investment in private label products (Gruver, Meacham & Tager, 2011). This chapter discloses the motivation for this study, depicts the objectives, limitations and details why private labels are important for retailers to invest in.

1.2 MOTIVATION FOR THE STUDY

Private labels have higher profits than national brands and increased market share for retailers. Private label products, retailed by Cash Crusaders, contribute significantly to the turnover of all Cash Crusaders stores. The private label range is a significant part of the three profit centre business model. As of late, the range has been subject to declining sales in both unit sales and in profits.

Private labels are described as products that offer a budget-friendly option to consumers and allow retailers to associate themselves with their customers

(Pearson, 2012). Private label penetration is amongst the lowest in the world at 18% where countries like Europe reaching 41%. Retailers are faced with changing shopping habits and customers such as Generation Y's who are not loyal to retailers but are more interested in value for money in products (Parment, 2013).

Cash Crusaders offers a value alternative to their customers where they purchase and sell second-hand products. Adding their private label range increased the footprint of the value proposition through their lower price products. The benefits of a strong private label range suit discerning consumers.

The private label range was introduced 10 years ago when the opportunity presented itself in the market for low cost electronic items. These items are imported under the "Dixon" house brand and sold at competitive prices when compared to the established brands. The range incorporates disc jockey (DJ) equipment, musical instruments, home theatres, home appliances, audio visual, accessories and computer accessories. The turnover of the private label range has decreased year on year in spite of the products and the range being good.

This study obtained customers' views of private label products sold by Cash Crusaders. These views will be used by Cash Crusaders to alter their stance to better suit their customers' perceptions and increase turnovers of their private label range.

Cash Crusaders' franchisees could profit from increased sales of private label brands in its outlets across the country. The Dixon brand compares favourably in terms of features and quality when compared to national brands and sales of such should rise when disposable income is more restricted. The supplier of the private label range, owned by Cash Crusaders, could benefit through increased sales of products.

1.3 FOCUS OF THE STUDY

The focus of this study was on customers' perceptions of private label products retailed by Cash Crusaders over the past 12 months. The study reviewed customer perceptions of quality, pricing, reliability, technical soundness and after-sales service. Customers were also required to express their views on the private

label range through a value for money analysis. The value for money aspect analysed customers' responses on the in-store promotion of these products, their appeal in terms of value for money, the ease of finding these products in store and the ability of staff members to explain the benefits of buying a private label product from Cash Crusaders. Finally, through a questionnaire, the study sought to determine customers' observance of the marketing organised by Cash Crusaders. The focus of the study was on the strategic and operational aspects in order to increase stores turnover.

1.4 PROBLEM STATEMENT

Cash Crusaders private label range has been decreasing in turnover year on year. The Western Cape sells lower volumes of the private label range per store than stores in the rest of the country. This research investigated possible reasons for the decline in sales of Cash Crusaders' private label brands.

1.5 OBJECTIVES AND RESEARCH QUESTIONS

The objectives of this study were the following:

- To establish the demographic profile of Cash Crusaders' customers in the Western Cape.
- To identify whether customers are aware of the private label brands sold by Cash Crusaders.
- To ascertain how many customers perceive quality in the private label ranges.
- To determine if customers consider the private label brands to be value for money.
- To determine whether the customers of Cash Crusaders observe enough Cash Crusaders advertising.

The research questions of this study were the following:

- What is the profile of the Cash Crusaders private label customers in the Western Cape?

- Are respondents aware of the private label brands sold by Cash Crusaders?
- How many respondents perceive quality in the private label range?
- Do respondents consider the brand to be value for money?
- Do Cash Crusaders clientele observe enough Cash Crusaders advertising?

1.6 AIM OF THE STUDY

The aim of the study was to investigate the decline in sales of private label products at Cash Crusaders and to seek ways to increase their sales. The products are a cheaper alternative to mainstream products with higher profit margins for franchisees.

1.7 LIMITATIONS OF THE STUDY

The limitations are that the study was quantitative instead of qualitative which lacks richness and depth from customers' perceptions; and that only customers of Cash Crusaders were asked their perceptions of the range. Respondents who had not purchased a new product in the last 12 months were not asked their perceptions.

1.8 OUTLINE OF THE STUDY

Table 1.1: Presentation of the research process

Chapter	Content
Chapter One	This chapter provides an overview of the study and an introduction for the study. The chapter provides the motivation for the study and the research process that was used. The problem statement, objectives and limitations of the study are also discussed.
Chapter Two	This chapter presents the literature review. This introduces the concept of private label products, their history, their advantages and risks, as well as how other retailers have managed them.
Chapter Three	This chapter offers a detailed analysis of the process of the research conducted. It details the aims and objectives of the research as well as indicating who the participants were and their location. This chapter gives insight to the options available for researching the

	matter. The chapter substantiates the choices of the methods used and indicates the sampling decisions and data collection strategy.
Chapter Four	This chapter details the data that was collected. The data is presented and analysed and is linked to the objectives of the study.
Chapter Five	The final chapter of this study provides recommendations to Cash Crusaders to increase the turnover of the private label range. It also provides the limitations of the study.

1.9 SUMMARY

Private label products have shown success in many countries and industries. The range at Cash Crusaders allows it to be viewed as a value retailer of products that compete with national brands. Chapter Two provides insight into the importance of the private label products and risks that are associated with these products.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

Retailers in South Africa have taken to the introduction of private label products, own store brands or home brands, as mentioned by Pearson (2012). These have been recognised as the budget friendly option that offers value to the customers. The research reviewed below assesses the introduction of private labels, and the risks and benefits of introducing private labels to retailers and customers. The research also indicates the main type of marketing that is used successfully to enhance the private label product image and the long-term benefits of creating shelf space in retail stores for private label products (Pearson, 2012).

2.2 BACKGROUND

Privately branded or private label products have made a strong impact on consumers and the market in the retail environment of South Africa. Private label products have done so through their keen pricing, strong presence and substantial backing from retailers. Private label products as defined by Mullick-Kanwar (2013) are generic product offerings that compete with their national brand counter parts by means of a price-value proposition (Mullick-Kanwar, 2013). Private label products, by definition, are merchandises that are owned by the retailer. The strategy adopted is to offer a direct appeal of a product that has already shown its success in the market. A private label product is a product that is owned and sold through a specific chain of stores (Beneke, 2009). It is the embodiment of retailers offering products in their stores that carry their own branded label (Pradhan, 2008). Private labels in markets that are less established are observed to have lower quality than the national brand (Fraser, 2009). Beneke, Greene, Lok and Mallet (2012) stated that private labels are defined as brands that are owned, marketed, controlled and produced by a particular retailer or according to specifications detailed and sold under a specific name. Private label products come with an exclusivity to the retailer that owns and stocks them and these

products are under the full control of the retailer. The retailer therefore carries all the risk (Beneke, 2009).

Large retailers have played a significant role in private label offering. Pick n Pay has done so through their simple and no frills products. Their brands include Pick n Pay Choice, Pick n Pay and Pick n Pay Finest products (Ntloedibe, 2012). Shoprite Checkers' private label "Ritebrand" has adopted a similar stance of simple and no frills (Shoprite, 2013). Spar also has their private label products which are self-titled "Spar" brand products (Spar, 2013).

These retailers have designed their products with a common aspect, namely no frills and value for money. To affirm their stance on the quality of their products, Spar's private label products offer a double your money back quality guarantee as a sign of quality (Spar, 2013). Pick n Pay, on the other hand, have three categories to their private label range which appeal to three different markets. "No Name" appeals to consumers with little disposable income, while "Pick n Pay" is designed to appeal to a slightly higher group of customers and "Finest" to the wealthier customers (Pick n Pay, 2013).

National brands, branded products or manufacturer brands are those stocked by many retailers across the country and do not have an affinity to a chain of stores or retailer (Šeštokaitė, 2010). Examples of national brands are Sony, Samsung and Pioneer. They are technological leaders and allocate a portion of their budget to research and development. National brands have many advantages over private brands, they traditionally have greater advertising budgets and extensively use the brand techniques to ensure that the brand resonates in the minds of the consumers. National brands are also synonymous with being the technological leader in their range of products (Šeštokaitė, 2010).

2.3 HISTORY

Private label products expanded rapidly during the 1970s when a change in the manner of negotiations between the suppliers and retailers took place (Beneke, 2009). The private label products were cheaper than the national brands that are more established (Ackerman & Prichard, 2005). The Pick n Pay private label is the "No Name Brand". These were packaged in a blue and white packaging and were

famous for their no trimmings and good value to their customers. Ackerman used his position and ability as a retailer together with his vast knowledge of the nature and style of products that customers would respond to in order to develop products that suited the needs of his customer base (Van Wyk, 2012a). CiplaMedpro, a pharmaceutical company, has been trading since 1993 manufacturing generic medication. CiplaMedpro is now the largest supplier of chronic medication to both public and private sectors (Cipla, 2013b). Many major retailers have introduced private label products over the last ten years (Freeman, 2013). Renowned names within the private label industry are Tesco and Costco, companies on the forefront of introducing private labels into their business model. Tesco states that “Every day around the world our customers choose where they shop. It is because customers can switch so easily that we have to constantly work hard to earn their loyalty. Wherever we operate, Tesco competes on price, quality, range and innovation” (Tesco, 2013). Costco has reported a 22% increase in their fiscal quarterly earnings and that the private labels were in their low 20% in retail turnover and continue to grow (Freeman, 2013).

2.4 THE ADVANTAGES OF PRIVATE LABEL PRODUCTS

Private labels have been described as the budget friendly product best known for cash strapped consumers and a chance for retailers to better connect with their customers. The recent world-wide recession has created a self-conscious need for customers to closely monitor their purchases and their budgeting ability has made them value conscious shoppers. The perceived value of private label products has been sufficient for customers to swop from their regular brands to private labels, resulting in reasonable growth in the private label purchases with South African consumers creating 18% of sales attributed to products (Pearson, 2012). Woolworths have managed to gain traction with their private label products and have also successfully taken a lead in their private label strategy for Woolworths food. Ian Moir, chief executive officer, explained that 60%-70% of sales are accomplished using their top 20 bestselling products (Arnold, 2012).

The advantages of private labels described above and headlines of the success of private labels have sparked retailers to increase their investment in private label products (Gruver *et al.*, 2011). Pharmaceutical company, Cipla, has embraced a

similar strategy by creating generic drugs at lower costs and with high standards to South African public (Cipla, 2013b).

The South African retail landscape is dynamic (Chase, Legoete & Van Wamelen, 2010). Retailers are now faced with challenges like ever-changing customer habits and an on-going battle between private label brands and national brands. There are many more shopping platforms available that were not an option previously. Online shopping has become a strong contender to traditional store shopping and catalogue ordering. The South African market is very diverse due to the many religions, cultures and races that reside in the country. Retailers therefore cannot offer a one size fits all solution to their product offering and shopping experience (Durham, 2011).

Van Wyk (2012b) suggested that during economic tough times, customers migrate toward private label products. Private label products are seen to have better value for money. The author further stated that a combined effort of innovative marketing and creative packaging has given new life to the attraction of private label products (Van-Wyk, 2012b). The benefits detailed by Beneke for introducing private labels are increased profitability, increased store loyalty and brand loyalty, opportunities to seize new markets and increased bargaining power with suppliers (Beneke, 2009). Altintas, Kilic, Senol and Isin (2010) also stated that bargaining power of retailers increases with their suppliers as competition increases between private labels and national labels. Suppliers would be in better favour on both the national and private label fronts if they become relaxed and succumb to certain requests made by the retailer. These benefits are predominantly for the retailers but the continued benefit is to the customer by means of value purchases. The increased profitability is due to higher average price margins. These are principally due to the minimalistic advertising budgets, lower research costs, lower development costs and testing for these products.

Private label products often have cheaper packaging as well. Since many of these products are founded on the “me too” principle, they do not carry research costs nor development costs. Testing is often done in retailers; packaging is cheaper, and there is very little impact on advertising expenses (Altintas *et al.*, 2010). Davies and Britto (2004 cited in Beneke, 2009) suggested that despite price

elasticity playing a role in the sale of private label products through price reductions and quantity sales increases, they offer between 20% and 40% higher gross profit than national brands. Altintas *et al.* (2010) indicated that attempts to grow private labels are due to the control retailers have over these products by way of specials and the agility offered. Private labels also offer higher gross profit margins and thus higher profits per unit sold. The author explained that this is a channel that will not become solely reliant on manufacturer brands to supply and create products and that these would also come from retailers being able to identify and tailor make products to better suit customers' needs. This signifies the fourth generation of products that Anselmsson and Johanson (2009) mentioned.

2.5 THE NEED FOR PRIVATE LABEL PRODUCTS

Gomez and Robio (cited in Altintas *et al.*, 2010) explained that growth in private labels has come through factors such as retail concentration within various communities and city hubs. Retailer marketing strategies have been designed to strategically position their product as the best and to stimulate demand. Economies of scale play a great role in the private label strategy, where retailers and wholesalers market and produce vast quantities of products to enable leaner pricing per unit. The sizes of national brand market and consumer acceptance of the national brand and of other brands that enter the market have related effects to the success. Halstead and Ward (1995) stated that customers seeking value pricing relative to the economic downward trend and thus restricting disposable income, shop down in order to better manage their disposable income (Halstead & Ward, 1995). Quelch and Harding (cited in Beneke, 2009) mentioned that the tough economic conditions and private label purchasing have a correlation where more restrictive conditions cause an increase in private label product sales. Beneke (2009) also observed the work of Nanda and Dickison who described an increase in private label sales during recessionary climates. Beneke (2009) argued that during a recession the adoption of private label products materialises quicker, and that after the recessionary period is over shoppers rarely change their shopping habits. Beneke (2009) also stated that customers with limited financial means perceive private labels as value purchases (Beneke, 2009). Agriculture and

Agri-Food Canada have similar views to Van Wyk regarding customers seeking bargains and value for money purchases.

Customers often see prices as a lead indicator on value and constantly seek ways against unnecessary spending by bargain hunting for keener prices (Bureau, 2010). Smarter consumers, bargain seekers, restrictive economic conditions, amongst the others detailed above, have created an environment conducive to increase the demand for private label products (Van Wyk, 2012a). According to Urakami (2010), customer satisfaction can increase by having a private label through brand extension from the retailer. Urakami (2010) also stated that private labels have long run competitiveness through their keen prices and brand presence in stores (Urakami, 2010).

Altintas *et al.* (2010), authors of the book, *Strategic Objective and Competitive Advantages of Private Label Products* provided supplementary reasons for wanting to introduce private label brands into businesses. These benefits include gaining more profit in the shelf space offered, introducing lower prices to consumers by controlling costs, to have bargaining power with manufacturers, reaching more consumers by drawing their attention to a larger product, gaining channel efficiency, reducing the number of manufacturer brands on shelves to ensure that stores suitably offer customers choices without being restricted by the options available, lessening the dependency of stores on national brands, increasing profit margins and increasing retailers' income profits (Altintas *et al.*, 2010). Arnold expressed that the need for these products is due to customers looking for better worth for their money (Arnold, 2012). Because consumers are wanting to become spending conscious, as indicated by Van Wyk (2012c), it has powered the need to incorporate private labels into firms' strategies. Knowledgeable consumers and economic conditions in South Africa becoming restrictive have been additional incentives to start introducing private label products (Van Wyk, 2012c).

Arnold stated that 72% of South African customers denote private label products as suitable alternatives to purchase. This has come at the advent of many retailers sharpening their focus on private label brands since they offer higher profits and customer loyalty. Packaging has also been made more homogenous and fresher

looking (Arnold, 2012). Costco Wholesale Corporation has also blurred the lines between private labels and national brands by using a co-branding strategy with premium brands. These conditions have created an environment for national brands to slowly lose their hold on customers (Conroy & Anupam, 2010).

2.6 RESISTANCE TO PRIVATE LABEL BRANDS

According to Beneke (2009), there is a psychological cost paid by customers when switching their choice of brand. The psychological cost is due to the customer not being able to purchase the product they naturally would due to it possibly not being available. This may also cause customers to switch retailers. The author also stated that private labels have become pervasive and have had enormous success (Beneke, 2009).

Smith and Spinks (1993 cited in Beneke, 2009) motivated that the perception gap between private labels and manufacturer labels is narrowing. Retailers have distinguished that the positive response of customers to the private label products on offer is sufficient to keep the strategy imperative. Pioneering companies in the private label product industry like Tesco and Costco have managed penetration of as much as 38% in Europe (Beneke, 2009). South Africa is much lower than other countries at a meagre 9.3% (Van Wyk, 2012a). Beneke stated that private label penetration was lower in 2008 at 8% (Beneke, 2009). Anselmsson and Johanson (2009) indicated that private labels account for between 28% and 45% of total purchases in the United Kingdom, Germany and Switzerland while Sweden and the United States of America average between 15% and 20% (Anselmsson & Johanson, 2009). Beneke (2009) discussed a split of as much as 50% in some European countries and said that countries like South Africa and Brazil lag in private label penetration internationally (Beneke, 2009).

Compared to international standards, there is room for growth in the South African market and South African companies continue to explore the private label market. Factors that have worked in favour of private label penetration are the abundant concentration of supermarkets in South Africa (Beneke, 2009). The concentration has not been a deterrent for the sales of private label private label products but has actually been part of the success (Beneke, 2009). Larger retailers, as

mentioned above, have been instrumental in inspiring the need to supply products that are different and cater more so to customers' needs and wants. Healthier availability and steady accessibility throughout the supply chain from suppliers to retailers has increased the ranges of retailers and seeks to ensure that customers do not change their retailer. This creates an environment for better decision making by customers as the economic conditions of the country tighten (Arnold, 2012). Mano and Elliott (1997) indicated that shoppers have become increasingly focused on a selected and lean lifestyle through bargain hunting and value for money purchases (Mano & Elliot, 1997). Manufacturers have thus created private label products to appeal to consumers in order to curtail their current spending and pay special attention to salient aspects in their surroundings (Arnold, 2012).

Private label penetration in South Africa is among the lowest in the world and South Africa has not managed to suitably gain traction using improvement and advancement to leverage the shopper base to increase market share (Van Wyk, 2012a). To increase penetration through innovation, Halstead and Ward detailed that private label brand procurement should be focused around the four Ps (Halstead & Ward, 1995).

Product: A strict review at quality of the product, packaging of the product and product line extensions. The packaging of the product traditionally is of slightly inferior quality in order to save costs (Halstead & Ward, 1995).

Promotion: Sales tactics from private label firms include coupons, rebates, bonus packs and premiums as methods of saving. Customers observe these as a bid to attribute value to the purchase of the product and not just the price of the product being cheaper than national brands (Halstead & Ward, 1995).

Prices: Manufacturers and retailers are constantly reviewing increases in retail prices and increases in gross margin to remain competitive. A fine balance must be reached so that profits are not negatively impacted. At the same time, not too little should be held in the balance as consumers may find the product is cheaper elsewhere (Halstead & Ward, 1995).

Place: Preserve and evaluate the methods of distribution that the business uses to procure its products to the target market (Halstead & Ward, 1995).

The four Ps simplify and create a better manner of presenting products so that customers respond to them positively. This implies that sharper pricing is required, better product offering without sacrificing quality, constant view on costs and on profits as well as a better understanding of who your customers are (Halstead & Ward, 1995)

Beneke (2009) stated that customers associate cheaper prices with poor quality and that prices offer a great extrinsic cue for customers in the purchasing decision. He said that as much as 40% of the purchasing decision is based on price (Beneke, 2009). Halstead and Ward said that the price difference between a private and national brand is between 10% and 40% (Halstead & Ward, 1995). However, Van Wyk (2012a) suggested that these price differences should be 20% to 30% cheaper than the national brand (Van Wyk, 2012a). Anselmsson and Johansson (2009) disagreed with this blanket approach and believe the correlation between quality and the price that consumers are willing to pay for goods is determined by category. (Anselmsson & Johanson, 2009). They also suggested that there is a correlation between the perceived values of private label products in different categories. Different categories target different audiences to the point that customers that are price conscious within a category have a positive correlation between price and the perceived value of a product (Anselmsson & Johanson, 2009). The different categories that were researched were based on penetration and their ability as a substitute product. The study, however, showed that price had little to do with the consumers' choices and that loyalty to the store that stocked these products had a correlation (Anselmsson & Johanson, 2009).

The types of products that go into production for a private label brand are often those that have a great sales history within the national brand. Findings of Morton and Zettelmeyer (cited in Anselmsson & Johanson, 2009) have shown that the most common strategy adopted by private labels is that of imitation of national brand products. Anselmsson and Johanson (2009) referred to the strategy adopted as "me too". The strategy involves nationally branded products being mimicked to sell under the private label name. The authors also indicated that the products fall into four different generations. "Me too" products are manufactured in generations 1 through 3 while the fourth generation involves innovation of products

to better suit customer needs. Price of the product in the fourth generation does not influence the buying decision as these products are different. This change in decision making therefore describes a competitive advantage that does not have to be purely price driven but can also be quality and needs based (Anselmsson & Johanson, 2009).

2.7 RISKS IN PRIVATE LABEL PRODUCTS

The business risks, like with any new venture, are of great importance to the organisation (Collier & Agyei-Ampomah, 2009). Beneke (2009) suggested that potential consequences of poor brands may give the retailer an unnecessary poor image and expose the retailer to undue business risk because these are uncharted territories (Beneke, 2009). Wu, Yeh and Hsiao (2011) acknowledged that the risk to a customer during a purchase is one of subjective anticipation and expected loss (Wu *et al.*, 2011). Beneke's research provides detail of these risks that customers would be exposed to when they decide to purchase a private label product (Beneke *et al.*, 2012). He described them as functional, financial, physical, social, time and psychological. Schiffman and Kanuk (2004) as well as Pieter and Tarpey (1975) (both cited in Beneke *et al.*, 2012), believe in the sixth risk which is time risk. The risks identified by Beneke *et al.* (2012) are discussed below.

2.7.1 Functional risk

Functional risk is the perception that the private label product will not live up to expectations which the customer had of the national brand. Thus the customer should have purchased the national brand instead. It can be best described as the risk that the product is unsuitable for use and does not meet the end users expectation. As the underlying connotations of the product being substandard as discussed, Liljander *et al.* (2012 cited in Beneke *et al.*, 2012) suggested that the customer would take cues from the way the product looks and feels, the material, design and handiwork. If deemed to be of inferior quality from these cues, the customer would assume that the product would not perform to expectation (Liljander *et al.*, 2012 cited in Beneke *et al.*, 2012). Consumers would feel a higher functional risk for products that require experience in order to be evaluated. These differ from search products which can be reviewed for better information (Beneke

et al., 2012). Search products have tangible characteristics like brand, look, feel and pricing as well as looking at the product with a salesperson to determine whether the product suits the intended purpose. Consumers prefer national brands over private label brands which involve search attributes that are not sufficient to distinguish the quality of the product (Beneke *et al.*, 2012). Verhoef *et al.* (2002 cited in Beneke, 2009) established that customers do indeed foster a positive attitude towards private label brands where they have tried them.

2.7.2 Financial risk

Financial risk is the potential monetary loss which may be incurred by buying the item and the price quality association (Beneke *et al.*, 2012). It is about losing money by buying an unfamiliar brand or an item that is inadequate. Non-personal risk is based on the performance of the product. Beneke *et al.* (2012) stated this would tend to affect future spending as well. This risk is higher for more expensive products and for categories of products that require higher involvement from the user. Computers and laptops would have a higher financial risk due to the customer's involvement required in the product. Often retailers have tried to correctly position their brand but result in having it seen as just another brand of alternatives on the shelf. The private label ends up being the alternative with the higher financial risk factor. Many of the private labels products are priced below the national brands; one would therefore assume that the financial loss would be less. The author suggested that despite the price of the product, the private label does become the alternative with the higher financial risk. Consumers pay additional amounts of money for security assurance of quality and to minimise the possibility of failure. Beneke *et al.* (2012) discovered that by monitoring the prices as the only variable of change, a 40% decrease in relative price to a national brand would offer a far higher willingness to purchase an item. At 20% the willingness would be much less as the connotations of poor quality set in (Beneke *et al.*, 2012).

2.7.3 Social risk

Social risk is being associated with the retailer that the item is bought from (Beneke, 2009). Social risk also includes purchasing certain categories of items

that have a higher social risk than others. These include wine and chips which are social beverages and snacks that could portray the customer in a poor light, while washing powder has a low social risk (Beneke, 2009). Customers that purchase a private label product could suffer a perceived loss in status or image. Social risk is also seen as a risk of being negatively evaluated through the purchase made. The purchase made could be seen as a poor judgement call by the customer when reviewed by their peers (Beneke *et al.*, 2012).

2.7.4 Physical risk

Physical risk refers to the product causing harm to the customer. The affiliation to the store could cause the customer damage or it could be the physical effort of a shopping expedition (Beneke, 2009). Beneke also added a third risk category which is the harm that the customer may suffer from the use of the item. This can be through physical harm from the use of the product through fires, explosions, poisoning and the like (Beneke *et al.*, 2012).

2.7.5 Time risk

Time risk refers to the loss in time through the purchase of the item. The time risk also includes the possible loss of time associated with an unsatisfactory delivery of a product (Beneke, 2009). This includes the time it would take to return the product. It also includes the time taken to resolve any issues if the product is not satisfactory, the risk of time spent driving to the retailer, the distance to the retail store and any possible delays with the guarantee or repair procedure (Beneke *et al.*, 2012).

2.7.6 Psychological risk

Psychological risk is defined as the consumer's disappointment in the product or service selection. It also includes the risk of social and psychological emotions experienced when switching brands (Beneke *et al.*, 2012).

2.7.7 Risk reduction mechanisms

Richardson *et al.*(1996 cited in Beneke *et al.*, 2012) identified that familiarity, extrinsic cues, perceived risk, perceived value for money and income levels are

the primary persuading factors that affect the decisions of customers in their private label purchase. Therefore risk reduction is crucial as Richardson *et al.* (1996 cited in Beneke *et al.*, 2012) mentioned that risk is a barrier when customers are deciding to purchase private label products. Beneke *et al.* (2012) stated that risk reduction remedies are necessary to change the uncertainty in consumers when they make a purchasing decision. This can be done using a variety of methods, namely samples, trials, money back guarantees, installations, informative packaging, instructional manuals, informed staff, brand exposure through advertising and promotions, enhancing store images, sourcing from a major manufacturer, promoting the quality of the product and the quality position and investing in research and development to improve products (Beneke *et al.*, 2012).

2.8 MAINTAINING COMPETITIVE ADVANTAGE ON PRIVATE LABEL GOODS

Private label products are traditionally procured for customers looking for a value purchase. The prices of private label products are generally 5% to 15% cheaper than the national brands and are produced to appeal to the lower lifestyle standards medium (LSM) that cannot afford to purchase national brands or choose to purchase cheaper products to better balance their budget (Arnold, 2012). In South Africa, despite the large population of low income groups, higher LSM customers seem to purchase more of these products. Beneke (2009) suggested that the lower LSM customers would not want to experiment with products as disposable income is difficult to come by and often requires hard work. They would therefore save and buy the national brand as they may not be afforded the opportunity to do so at any other point. Customers in the higher LSM have more disposable income and in many cases could potentially negate the risks of purchasing a private label product (Beneke, 2009).

2.9 PACKAGING

In order to position a cost effective, inexpensive and value-for-money stance to attract customers to a private label product, packaging should also suit the positioning of the product. It is often at the back of the mind of the supplier as the

product inside the packaging is very much the same as the national brand. In the retail environment, the transfer of knowledge and information exchange takes place at the point of purchase so the packaging should be suitable to entice the customer to buy the product (Venter, Van der Merwe, De Beer, Kempen & Bosman, 2011). According to Beneke (2011), poor packaging has resulted in the underlying assumption that the products within the packaging are of poor quality (Beneke, 2011). Quality is judged in two ways, namely direct and indirect factors. These are much like the cues that customers take from an unfamiliar product. Direct factors include reviewing the taste, texture, feel, handiwork and components that make up the product, while indirect factors include the price of the item and the brand name. Direct factors can only be judged after consumption or use of the product (Beneke, 2009).

Retailers have realised that packaging of the product is very important for the marketing of the product. Keeping with the mimicking or “me too” strategy that remains within the confines of limited research and development costs as well as limited expenditure budgets, they have begun ensuring that package design looks similar to that of national brands (Beneke, 2009). According to Shires (2012), the packaging of private label products in many cases mimics national brands which potentially confuses the customer. The 2005 AC Nielsen study showed that for emerging markets there is work to be done regarding the packaging of private label brands as they appear cheap and unpleasant to the customers (Ueno, 2005).

Ahmed stated that the consumer views the product differently from the packaging. Venter *et al.* (2011) elaborated that the consumer forms a perception of the product from the information on the packaging and often scrutinises the packaging to alleviate any doubts of the private label product. Beneke (2009) stated that the information on packaging should be used to captivate the customer.

Effective packaging is useful in self-service environments where customers wish to make a purchasing decision rather than having the item sold to them. In the purchasing cycle, this is effectively known as the salient sales person and therefore the packaging should have enough detail to provide the customer with suitable information to close the sale (Beneke, 2009). Venter *et al.* (2011) said that an effective design on the packaging gives the impression of a durable and good

quality product and that packaging is generally designed to entice the customer to buy the product. It must be eye catching with graphical images, text, design and logos; the better the packaging, the better the chance of attracting attention away from competitors' products (Venter *et al.*, 2011). Beneke and Fieldings (2006 cited in Beneke, 2009) cited that packaging can assist to build the private label brand; it has a longer lasting feel in the mind of the consumer and offers a freshness that can be used to cloud manufacturer brands. According to Beneke (2009), packaging of the product is a strong medium of communication and is known to reach all customers within a category. It is available at the crucial point in the purchasing cycle when the buying decision is made. It is also important to note that nine out of ten buys are impulse and that these unplanned purchases are as a result of striking packaging (Beneke, 2009).

2.10 STORE IMAGE

Store environment is a summation of visual colour, illumination, size, volume, area, aroma and tangible measurements such as smoothness and temperature. This atmosphere speaks to overall brand image where retailers use facets of the business to enhance patronage to the business. Through the ambiance created, customers remember their experiences within a store and these experiences are associated with the brand image of the store. If these are pleasurable experiences that a customer can relate to positively, it allows for a more secure feel of the store and allows the customers to relate to the store on a more brand conscious level (Esbjerg&Bech-Larsen, 2009). Anselmsson and Johanson (2009) stated that private labels are used to enrich the store image by having more products that resonate with the brand. Ailawadi *et al.* (2001 cited in Anselmsson & Johanson, 2009) also considered overall store appearance as important and as a facet of the business that can offer the same value proposition as private label products offer. Retailers should create an ambiance of saving and value for money with the private label products on display for customers.

Parish (2010) stated that "The only way to have your brand stand out is to sell a label unique to your store. This freshness and distinctiveness will keep consumers as loyal to a retailer as they are to the exclusive brand that the store offers" (Parish, 2010). In order to attract and maintain customers' commitment to the

brands that they have tried, the attraction to the product must be more than just a mere cost saving (Henry, 2012). Private label brands that have the intention of leading with their brands, must adopt a position that speaks to “A voice that transcends the shelf, and they have to have a personality that transcends mere price”. This implies, by extrapolation, that when retailers stock private label products of a certain class, the ambiance and positioning of their store brand should be one of savings and quality at reduced prices (Henry, 2012).

2.11 SHELF SPACE

Shelf space and allocations create a comparative attraction of the display. Product placement is the position of the item on the shelf and is relative to the product life cycle (Asghar, 2010). Shelf space is used for displaying products, creating attractive displays, enhancing visibility, and allowing customers to easily make comparisons amongst products (Zameer, Waheed & Mahasin, 2012). There are two types of placements, horizontal (left to right) and vertical (top to bottom). Private label brands are often placed on the right hand side of best-selling nationally branded items. The right hand side is offered since many customers are right handed, that this would be an easier way to pick a product. Store promotional efforts also assist in promoting the overall brand (Beneke, 2011). Zameer *et al.* (2012) stated that where private label products share shelf space with national brands, they occupy 20% more shelf space due to the better margins available on private label products.

2.12 MARKETING PRIVATE LABEL BRANDS

Effective marketing for private label brands has come through telling the story of the brand, constant communications and promotions in store and ensuring that the packaging is aesthetically appealing so that customer's respond to more than just the price of the item (Van Wyk, 2012c). Beneke (2009) mentioned that communication has become an integral part of differentiating a brand and that the message being communicated must be clear, concise and consistent. Products are becoming more standardised and the market is growing too slowly. The need for differentiation amongst the brands is very important as stated in the work on

packaging. It allows for a brand to stand out rather than become another brand on the shelf (Beneke, 2009).

Loyalty programmes are marketing initiatives to increase patronage for a perceived discount or saving at a future point in time (Sharp & Sharp, 1997). Retailers can therefore better understand their customers' wants and needs. Customers are becoming wiser in their daily purchases and wish to appreciate the emotive and financial value of the items that they buy. Shoppers who want to be more informed would like to ensure that they manage their purchases for the best perceived value (Van Wyk, 2012c). For example, Pick n Pay Smart Shopper Card scores points on the products that are purchased with a larger weighting to the Pick n Pay private label range. The loyalty plan allows the retailer to track and analyse consumers' purchases (Van Wyk, 2012c). By sharing the history of the brand with the customers in a way that emotionally connects them to the product, retailers are able to appeal to customers (Van Wyk, 2012a).

Beneke (2009) stated that brands such as private labels should fall under the umbrella of the company that houses them. For example, Pick n Pay has done so by keeping their branded products very close to the name of the retailer, namely "No Name", "Pick n Pay" and "Pick n Pay Finest". Such advertising makes the brand synonymous with the retailer (Beneke, 2009). Advertising accentuates the brand and provides dispositions for the brand that customers would be able to recognise, appreciate and understand. Baltas (1997 cited in Beneke *et al.*, 2012) argued that private labels cannot compete with national brands in terms of pricing. Advertising is required to elevate the brand's presence in order to make it more favoured in the eyes of a customer. However, challenges exist for advertising not to be over compensated as it would erode profits. Beneke *et al.* (2012) stated that this is best achieved through placement of the product next to a manufacturer brand, in the newsprint, pull-out or in a co-branding strategy of both the frontage and private label brand in a television advert. This is similar to the merchandising of the product at store level as mentioned in the shelf space discussion (Beneke *et al.*, 2012).

Many other additional marketing adverts have worked for companies in the private label sphere. Word-of-mouth (WOM) has proved itself many times over. Media

and advertising costs are quite high and continuously rising which makes television and print media expensive for marketing of private label brands. WOM continues to offer great personal experience that other customers can relate to. This is a better medium for generating appreciation of the private label brand when considering budget implications and effectiveness of the advertising. Prior experience in private label brands are customers' previous encounters with the brand and the retailer. Private label brands are subject to further scrutiny due to the price-quality relationship that many customers still require from these items. Private label brands therefore rely on good experiences to promote them (Beneke, 2011).

In order to facilitate a stronger brand presence for the private labels, retail marketers should consider collaborative category management of the brands that the retailer sells. This process involves realising the goals for the brand and channelling efforts in the direction that suitably creates the value proposition. It also requires greater effort from the manufacturer and the retailer to structure their relationship by means of a partnership rather than one of a supplier and retailer. It is important that the relationship is not forged on a mere price decrease as the category could lose unnecessary margin and challenge the value of the category. The correct manner to engage the management of the category in question is to improve products that could optimise the category. Planograms and displays of the product should also be considered so that the customers experience excitement and interest in the product when they review it (Mullick-Kanwar, 2013).

Marketing the private label brand and products can be successfully implemented because retailers have better knowledge of what their customers want through the manner in which private label products are purchased. Retailers are in a position to hold the customer connection through their agility and modify their products to better suit customers. Private label products then strengthen an enduring benefit to the customer as well as loyalty and positive feelings that resonate from the experience and purchase (Mullick-Kanwar, 2013).

In his book *Differentiate or Die*, Jack Trout said "To succeed, the first step is to position or situate the brand in the target consumers mind in such a way, that in his or her perception of the brand, it is distinctive and offers persuasive customer

value better than its competitors. This is called competitive advantage.” (Trout & Rivkin, 2008). The average customer’s shopping habits have changed to surpass just their needs. Customers are looking for better value and stronger connection from people for their product purchases (Mhlanga, 2012). In this engaging and appealing marketing mix that speaks to customers, store images and in-store design, merchandising systems as well as catalogues and advertising that are distributed are congruent to the overall brand proposition (Mullick-Kanwar, 2010).

2.13 OPPORTUNITIES FOR PRIVATE LABELS

Private labels as seen in the 2009 Private Label Report on Emerging Trends and Key Success Factors in Private Labels have worked well in a struggling economy (Information Resources Incorporated, 2009). There have been positive results with more shoppers from various income levels and demographics using private label products. These customers have also seen the value proposition in buying private label products. Valuable information can be gained from shoppers’ past purchases. There is, however, untapped potential that can be exploited with regards to private label product sales, trends according to the time of the year as well as climate conditions that cause specific spending. The “me too” strategy has fashioned good strides by national retailers where strong emotions are held by loyal customers (Information Resources Incorporated, 2009). Products can now be better suited to the needs of customers as shopping patterns and trends can be reviewed and analysed (Van Wyk, 2012b).

2.14 SUCCESSES OF PRIVATE LABELS

Success of the private label brands relies on the country retail sector, the level of retail concentration, the advertising rate of the manufacturer brands, economies of scale, management and even mitigation (Beneke, 2009). CiplaMedpro have been successful in the implementation of their business model by manufacturing and selling generic pharmaceutical products in South Africa. Supplying medication at affordable prices to South Africans is the foundation of the business. South Africa, being an emerging market, shows a promising 14% growth yearly on sales for CiplaMedpro, says Cipla’s chief executive officer (CEO), Mr. Subhanu Saxena (Cipla, 2013a).

2.15 STORE LOYALTY

Store loyalty is considered as one of the cornerstones of private label retailing that offers a fair competitive advantage. Marcel and Rajiv (2000 cited in Van Wyk, 2012b) found that private label products increase store loyalty. This store loyalty has put pressure on national brands through continuous purchases of a product that then develops into habitual purchases and preferred tastes. Beneke (2009) explained that brand loyalty is created through developing a corporate identity for the business which offers differentiation to the retailer (Beneke, 2009). Burt (2000) and Kahn and McAlister (1997) both cited in Anselmsson and Johanson (2009), also believe that creating private labels increases customer loyalty and results in repeat business. Burt (2000 cited in Anselmsson & Johanson, 2009) said that store loyalty can be gained by offering products not offered in other retailers. This would be a fourth generation task. As loyalty and purchases of private label products, rather than well-known national brands, appear to be driven by perceived value for money and loyalty to the store chain, the store should create a competitive alternative to the manufacturer-branded product (Anselmsson & Johanson, 2009). The “me too” strategy predominantly adopted would ensure that the products that are manufactured would be not exposing the business to undue risks.

Van Wyk (2012b) indicated that where customers have found a good price to quality ratio, they have become loyal. During recessionary economic times, customers still consume but they shop down to better suit their financial constraints. After they have recovered from the financial constraints, they still remain loyal to brands that they used during their shopping down period (VanWyk, 2012b). National brands continuously improve their product offering in their range to expand market share. Parish (2010), however, views a private label as a reason to set a retailer apart from the competition. Furthermore, the desired goal is to get the customer into the store and give them a reason to come back to the store (Parish, 2010).Van Wyk stated that as recessionary climates loom and economies tighten all over the world, there will be an increase in the average middle class in South Africa and a decrease in lower and upper classes. A change in purchasing from national brand to private label will increase as customers' spending pattern changes due to a responsible and saving mind-set becoming the better measure.

The number of consumers that are becoming part of the private label following has already started to increase. Retailers that have managed to get the price and value correlation correct have ensured value in terms of sentiment and cost-effectiveness (Van-Wyk, 2012a).

2.16 PRIVATE LABEL BRAND EQUITY

The advantage of store loyalty in trading in private label products has created brand equity in its stride. This has come from being non-existent in the past and private label brands have progressed from the poor quality and cheaper value alternative to products that now compare with national brands. Evolutions in private label brands that have assisted in gaining brand equity have been an increase in bargaining power with suppliers of the product. The bargaining power of the retailer to ensure that products are manufactured is achieved with the cheapest possible prices and quality. Retailers have also begun to reactivate and expand stagnant categories within their stores. Private labels allow retailers to better suit their product to the needs of the customers. Retailers can now make better choices of the products they sell and can make small changes to products that would assist items to sell better. Private labels have also offered increased revenue and have delivered larger margins than national brands. They have been instrumental in facilitating a better store image, store loyalty and offering differentiation within the business. Market share has slowly decreased and more quality is assigned to private label products, and competition has intensified amongst the private label and national brand suppliers.

Customers pay more for national brands as they have relative cues of quality as described earlier. Where private labels share these same cues, they are considered equivalent. Cuneo, Lopez and Yagüe (2012) stated that customers would still stick to national brands for certain categories of products. Baby goods are considered amongst those products that fall into the category where private label products have not been successful in penetration. Retailers have thus used a multi-category approach to attract a larger customer base. Retailers should embrace private labels from a more involved role of brand management. This would include being responsible for procurement, production, commercialisation and promotion of their brands (Cuneo *et al.*, 2012).

Since customers have indicated their reluctance to switch brands within certain categories, the brand equity of certain categories varies accordingly. The authors further stated that there are opportunities within categories that allow for differentiation of the brand equity to be built. Conversely, lines that do not have room for differentiation would be challenging to grow private label brands. Private label products for which the perceived risk is higher require elevation by means of capitalisation of the brand. Items that purchased regularly are affected by previous experiences. These are often joined through pricing and communication of the product to start the experience (Cuneo *et al.*, 2012).

2.17 CONCLUSION

Private label products have shown positive elements of success both in South Africa and around the world. In certain categories the penetration is higher than others. As this discipline continues to permeate in South Africa so will penetration and sales of these products. The gap in the research is the marketing elements in private label products that fit suitably within the budget of retailers. The research gap also includes research on small consumer electronic products. These are the kinds of products that a Cash Crusaders store stocks. The research that was conducted aimed to better understand how customers view these private label products with a view to increase sales.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter comprises the research methodology and research design employed in this research. The chapter starts with a description of the designated research design. It goes further to substantiate the quantitative nature of the study.

The methodology includes the geographic area, population and sample. These are discussed together with reasons why the target respondents were selected for the study. A questionnaire was developed for the research.

In order to measure factors such as business success, risks, progress and consumer views, amongst others, companies devote a significant amount of time and resources to conduct research. This study conducted research on the customers who have purchased new products from Cash Crusaders in the last 12 months in order to enable management to understand how these customers perceive the private label range retailed by Cash Crusaders. The research also aimed to identify if non-customers, being customers that have not purchased a new product at a Cash Crusaders in the last 12 months, are aware of the private label range available at Cash Crusaders.

3.2 RESEARCH DESIGN

The design can be understood as the blueprint of the research carried out to execute the objectives of the research. There are two forms of research, namely quantitative and secondly qualitative research. In this study, quantitative was used

3.2.1 Qualitative

The introduction of social sciences gave insight into why customers behave in the manner that they do. Through sciences like anthropology and psychology, understanding the behaviour of people became important for a world inhabited by human beings. Qualitative research seeks to answer questions like, “Why is this case?” (Hancock, 1998).

3.3.2 Quantitative

Quantitative data provides one with the extent of the problem, it lacks the richness in data that qualitative data provides. The prominence of quantitative research is on collecting and analysing data. Quantitative data concentrates on measuring the scale, range, frequency of occurrences (Collins & Hussey, 2003).

3.3.3 Mixed methods

Mixed methodologies make use of both quantitative and qualitative data. These use philosophical assumptions to gather data. It was also described as a study within paradigms, using methods within paradigms or using different strategies within methods to attain the research (Cameron & Molina-Azorin, 2011).

3.3.4 Adopted methodology

The methodology chosen for this study was quantitative as the aim was to determine customer awareness of the Cash Crusaders private brands and their perceptions thereof. This process allowed for ease of data collection. The responses were direct and were measurable.

3.4 PARTICIPANTS AND LOCATION OF THE STUDY

The data required for the objectives necessitated data to be collected through a quantitative study that incorporated customer responses. The research was done in Cape Town as the average amount of stock sold is much lower per store than in any other region. With that in mind, identifying the perceptions of the respondents offered understanding to the issues that were addressed to increase sales of these products.

Respondents were randomly selected. The respondents had to be mature and had to reside in the City of Cape Town. Young respondents were not selected as they may not have been able to appropriately judge responses for products regarding comments such as value for money and quality.

3.5 APPROACH

Data can be categorised as either quantitative or qualitative. Quantitative data is usually gathered through questionnaires while qualitative is often gathered through interviews (Sekaran & Bougie, 2011). Quantitative and qualitative research offer explicit recognition of matters and are not soft and intangible (Agarwal, Tanniru & Dacruz, 1992). The research required for this study is of a tangible nature and therefore quantitative. Questionnaires were deemed appropriate for the study as the research required insight into what is the case in the real world (Sukamolson, 2007).

Quantitative data has advantages, cited by Sukamolson (2007), for providing estimates of populations, describing attitudes of people and it is capable of providing results that can be converted to statistics (Sukamolson, 2007).

3.6 POPULATION AND SAMPLE

The population of the research speaks of the entire group of people, things of interest or the total series of events that a researcher wishes to investigate (Sekaran & Bougie, 2011). The population size was calculated using the number of transactions by all stores in the aforementioned area for one day (Table 3.1).

Table 3.1 indicates the number of transactions of the private label range to identify the population and sample size.

Table 3.1: Transaction count table

Number of retail transactions per month		
Store	Retail transaction count	New goods sales percentage
Adderley Street	1598	32%
Athlone	1803	40%
Belhar	1540	43%
Bellville	1401	49%
Blue Downs	1006	57%
Bothasig	1607	30%
Brackenfell	1442	33%

Number of retail transactions per month		
Store	Retail transaction count	New goods sales percentage
Claremont	1289	29%
Elsies River	1104	40%
Goodwood	1328	46%
Grand Central	1334	43%
Grassy Park	1422	27%
Khayelitsha	1386	47%
Kraaifontein	1532	58%
Kuilsriver	1452	44%
Lansdowne	966	41%
Maitland	1316	51%
Middestad Mall	1246	64%
Milnerton	1626	32%
Mitchells Plain Promenade	2790	47%
Mitchells Plain WGM	2171	35%
Observatory	1953	35%
Parklands	2016	20%
Parow	2973	35%
Plumstead	2098	37%
Sea Point	1593	27%
Somerset Value Mart	2890	37%
Somerset West	1894	32%
Strand Street	1020	25%
Sun Valley	2487	46%
Tableview	1270	45%
Tokai	2478	42%
Woodstock	940	27%
Wynberg	1466	36%
Total	56438	39%
Population Size per day	737	

Source: Author's own compilation, 2013.

Sekaran and Bougie (2011) stated that the statistics offer two major different types of sampling. These are non-probability and probability sampling. Probability sampling is the approach that satisfies conditions of the population like the probability of selecting a sample being higher than zero. To save costs, some research is carried out using non-probability sampling (Särndal, Swensson & Wretman, 2003). Non-probability sampling was used in this research as it allowed for as wide a spectrum of views as possible. These responses would include people that live in the area as well as people that commute.

The population size indicated is 737. This population size was established with four objectives in mind. The population of interest are the customers that have purchased the private label range previously. The closest sample and population sizes offered by Sekaran and Bougie (2011) is a population of 750 with a sample size of 186 (Sekaran & Bougie, 2011).

3.8 DATA COLLECTION STRATEGIES

Research in the field of private label studies has taken place predominantly in private label food products. Not much Not much research could be found for private label consumer electronics that was suitably substantiated by strong references; and primary data was therefore required. The type of quantitative research method chosen was survey research (Sukamolson, 2007). Survey research seeks to answer the question, “How many people feel this way?” and “How often do they exhibit certain behaviour?” This type of survey requires a random sample of the population (Sukamolson, 2007).

The questionnaires were administered throughout the City of Cape Town over a day in order to get the minimum required sample for the population size. Non-probability convenience sampling was used as an approach to have the questionnaire administered. Non-probability sampling is defined as the elements of the population not having a chance to know of being selected as subjects to participate in the study (Sekaran & Bougie, 2011). For this study, factors of time constraints and other resources were limited, thus making non-probability sampling suitable for the study (Sekaran & Bougie, 2011). Non-probability also, for the purposes of this research, was convenient (Henry, 1990).

3.8.1 Description and purpose

The questionnaire was designed for better understanding by the type of customer that shopped at Cash Crusaders within the 12 months preceding the date of the questionnaire. A period of 12 months was requested so that the recall-dependency was not too difficult for respondents. It is relevant to mention that during this 12month period there was additional in-store marketing during the times of the national promotion. It is also important to mention that the private label range changed in the last 12 months as systems for the rate of sales of products were introduced to create a better product mix. The questionnaire separated respondents that have not shopped at Cash Crusaders within the last 12 months from those that have. Respondents that have not shopped at a Cash Crusaders would not have been exposed to the in-store branding and sale point of purchase material. They would have been exposed to the national promotion leaflet that was distributed when there were promotions. The questionnaire also attempted to offer understanding about the possible shortcoming and communication of marketing initiatives currently organised by Cash Crusaders. The questionnaire was designed to identify customers' views of the private label range available at Cash Crusaders in terms of quality and in terms of the risks associated with the purchase of private label products.

3.8.2 Construction of the instrument

The questionnaire contained a consent form for respondents to sign (Appendix 1). This confirmed their participation and the purpose of the study. All respondents were made aware of their anonymity which helped to make their responses more honest. The questionnaire contained 20 questions.

The instrument chosen for the field research was a questionnaire. A questionnaire allows research to be reviewed, measured and analyse views of the various demographic group types. Constraints of time and finance costs make the instrument suitable for the purposes intended (Sekaran & Bougie, 2011). The benefits of a questionnaire are that the respondents are anonymous, questionnaires are inexpensive and questionnaires do not require time for interviews (Sukamolson, 2007).

The questionnaire was divided up into five sections. Section A identified the different profiles of customers by means of demographic questions. Section B ascertained if respondents were aware of the private label range and classified the customers and non-customers, being those that have purchased a private label product in the last 12 months. Section C determined whether customers perceive quality in the private label range. Section D identified if customers perceive value in the private label range and section E determined if customers observe sufficient marketing.

Sections C, D and E made use of the Likert scale. The Likert scale observes how subjects agree or disagree with statements made (Sekaran & Bougie, 2011).

The following is a summary of the sections of the questionnaire:

SECTION A – Demographic information

SECTION B – Awareness of the private label product range

SECTION C – Perception of quality

SECTION D – Value for money

SECTION E – Marketing.

3.8.2.1 Section A

The demographic information provided the customers' current situation of work and home life. These demographic profiles could be adapted to the customers that responded to the questionnaire and assist with the marketing endeavours since different customers would respond to direct and indirect forms of marketing. This segmentation could allow for a more articulate marketing spend (Payne & Frow, 2013).

3.8.2.2 Section B

This section allowed for respondents to be divided into those that have shopped at Cash Crusaders in the last 12 months and those that have not. This division provided clarity regarding how different types of customers view private label products. This section detailed the risks associated with purchasing private label products, as examined by Beneke (2009). This section indicated customers'

concerns when buying private label products and also showed whether the value proposition that private labels offer has been communicated effectively.

3.8.2.3 Section C

This section allowed customers to indicate their level of agreement or disagreement to statements of assessing quality. The difference between private label products and national products traditionally are cheaper prices, advertising spend and distribution (Dawes & Nenycz-Thiel, 2011).

3.8.2.4 Section D

Section D assessed customers' perceptions on the private label range offering value for money. This is a subjective measure from each customer but it is one that should offer guidance on customers' perceptions.

3.8.2.5 Section E

Section E determined whether customers observe sufficient marketing. Cash Crusaders sent out pamphlets/flyers, television adverts and short message service (SMS) messages seven times during the 12 months.

3.8.3 Reliability and validation

Reliability and validity are important for evaluating a research instrument such as a questionnaire. Sekaran and Bougie (2009) stated that validity is a measure of how well an instrument or technique determines a particular concept.

Validity indicates whether the research measures what it is supposed to measure and how truthful the results are. In order to ensure validity, face validity was tested on a pilot sample of 16 respondents (Golafshani, 2003). Respondents were satisfied that face validity had been achieved.

3.8.4 Pretesting

The questionnaire was pretested on 16 individuals. These included research champions, colleagues in business, customers of Cash Crusaders and staff at Cash Crusaders. The pretesting was conducted to ensure that the questionnaire

answered the research questions. As a result of the pilot study, changes were made to ensure that vague questions and a leading question were changed.

3.8.5 Administration of the questionnaire

The questionnaire was administered in the various malls in Cape Town to get a greater variety of respondents geographically. After the field research had been completed, the questionnaires were collected and the data was coded. Ethical considerations were understood and where respondents did not want to participate, they were not forced to.

3.9 ANALYSIS OF THE DATA

Descriptive statistics were applied to review and analyse the data. The data was summarised in order to find patterns of behaviour amongst various demographics. The data presented relationships using the information presented. The key relationships that exist were measured and are explained in the next chapter. The data was captured online on Questionpro and extracted into Microsoft Excel 2003 and Statistical Packages for the Social Sciences (SPSS). The data was mined to obtain factor analysis to interpret the data. Correlations and inferential statistics were also done to assist with obtaining relationships between variables. This ensured that suitable conclusions were drawn and appropriate recommendations made.

3.10 SUMMARY

This chapter has discussed the methodology used to conduct this study. The appropriate methodology for the study, the aims, objectives and sampling technique has been stated. The study was quantitative and used a questionnaire to gather the data. The questionnaire followed a logical sequence designed so as to ensure that the questions were answered easily and respondents did not lose interest. After pretesting, the questionnaire was modified to ensure that it complied with the objectives. Once changed, it was deployed through the field research. Chapter Four discusses the frequency analysis that was used to interpret the data.

CHAPTER FOUR: STATEMENT OF FINDINGS, EXPLANATIONS AND DISCUSSION OF PRIMARY DATA

4.1 INTRODUCTION

This chapter presents the results of the research conducted and discusses the findings attained from research. The questionnaire was the primary instrument used to gather data. The questionnaire was distributed to customers at various malls around the City of Cape Town. The data from the respondents was examined with Statistical Product and Service Solutions (SPSS) version 21.0. The results of the data collected are presented in the form of tables, cross tabulation tables and different figures. Inferential statistics include correlations and chi square values; which are understood using the p-values. The process of data analysis begins with presenting the results and interpreting these results. Conclusions are traced to the literature discussed.

4.2 THE SAMPLE

Two hundred and seventy eight respondents completed the survey. The sample, though small was adequate and exceeded the baseline of 30 as stated by Sekaran & Bougie, (2011). Many members of the public did not wish to participate in the survey. A total of 384 questionnaires were given out and 278 were returned completed. This gave a 72% response rate.

4.3 THE RESEARCH INSTRUMENT

The research tool necessitated 20 items with a level of measurement at a nominal or an ordinal level. The questionnaire was designed to have five segments, each with a specific theme and each being pertinent to a specific objective. The themes are as illustrated below:

SECTION A – Demographic information

SECTION B – Awareness of the private label product range

SECTION C – Perception of quality

SECTION D – Value for money

SECTION E – Marketing.

4.4 RELIABILITY STATISTICS

The aspects that are considered most important for precision are reliability and validity. Reliability is computed by taking several measurements of the same subjects. Where the reliability coefficient is scored at 0.70 or higher, it is considered to be acceptable (Rowley & Traub, 1991). Table 4.1 below depicts the Cronbach's alpha scores for all the items that made up the questionnaire. The analysis is based on the questionnaire responses of Cash Crusaders' customers.

Table 4.1: Cronbach alpha scores

	Number of items	Cronbach's alpha
Customers' perception of quality in the private label range	4 of 4	.806
Effect of Cash Crusaders' advertising	4 of 4	.725
Brand considered to be value for money	4 of 4	.737
Overall	12 of 12	.847

The overall reliability score of 0.847 exceeds the recommended value of acceptability of 0.70. This indicates a high degree of acceptable and consistent scoring for the research conducted (Yu, 2001). Many variables were considered for each section's reliability. Each of the sections has a reliability value that also exceeds the minimum requirement.

4.5 SECTION A - DEMOGRAPHIC DATA

This section summarises the demographic characteristics of the respondents. Through segmentation, the data can be used to identify trends and predict patterns of profiled consumers. Within the context of this study, using segmentation to relate to the demographic profile in question allowed for predictive behaviour. Onwezen, Reinders, Van der Lans, Sijtsema, Jasiulewicz, Guardia and Guerrero (2012) described segmentation as predictive consumer behaviour

through segments of consumers' perception. They further explained that segmentation provides benefits in valuable information about the insight of goods. These segmented consumer groups endure benefits differently.

Table 4.2 below describes the gender distribution by age for all respondents and indicates customers and non-customers.

Table 4.2: Gender distribution by age and customers

			Customers			Non-customers			Overall		
			Gender		Total	Gender		Total	Gender		Total
			Male	Female		Male	Female		Male	Female	
Age Group	16-25 years old	Count	22	11	33	26	35	61	48	46	94
		% within In which age group are you?	66.7%	33.3%	100.0%	42.6%	57.4%	100.0%	51.1%	48.9%	100.0%
		% within Gender	23.4%	25.6%	24.1%	40.0%	46.1%	43.3%	30.2%	38.7%	33.8%
		% of Total	16.1%	8.0%	24.1%	18.4%	24.8%	43.3%	17.3%	16.5%	33.8%
	26-30 years old	Count	38	16	54	13	13	26	51	29	80
		% within In which age group are you?	70.4%	29.6%	100.0%	50.0%	50.0%	100.0%	63.8%	36.3%	100.0%
		% within Gender	40.4%	37.2%	39.4%	20.0%	17.1%	18.4%	32.1%	24.4%	28.8%
		% of Total	27.7%	11.7%	39.4%	9.2%	9.2%	18.4%	18.3%	10.4%	28.8%
	31-40 years old	Count	16	8	24	13	14	27	29	22	51
		% within In which age group are you?	66.7%	33.3%	100.0%	48.1%	51.9%	100.0%	56.9%	43.1%	100.0%
		% within Gender	17.0%	18.6%	17.5%	20.0%	18.4%	19.1%	18.2%	18.5%	18.3%
		% of Total	11.7%	5.8%	17.5%	9.2%	9.9%	19.1%	10.4%	7.9%	18.3%
	41-50 years old	Count	15	5	20	12	10	22	27	15	42
		% within In which age group are you?	75.0%	25.0%	100.0%	54.5%	45.5%	100.0%	64.3%	35.7%	100.0%
		% within Gender	16.0%	11.6%	14.6%	18.5%	13.2%	15.6%	17.0%	12.6%	15.1%
		% of Total	10.9%	3.6%	14.6%	8.5%	7.1%	15.6%	9.7%	5.4%	15.1%
	51-60 years old	Count	3	2	5	1	2	3	4	4	8
		% within In which age group are you?	60.0%	40.0%	100.0%	33.3%	66.7%	100.0%	50.0%	50.0%	100.0%
		% within Gender	3.2%	4.7%	3.6%	1.5%	2.6%	2.1%	2.5%	3.4%	2.9%
		% of Total	2.2%	1.5%	3.6%	.7%	1.4%	2.1%	1.4%	1.4%	2.9%

	61+ years	Count	0	1	1	0	2	2	0	3	3
		% within In which age group are you?	0.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%	100.0%
		% within Gender	0.0%	2.3%	.7%	0.0%	2.6%	1.4%	0.0%	2.5%	1.1%
		% of Total	0.0%	.7%	.7%	0.0%	1.4%	1.4%	0.0%	1.1%	1.1%
Total		Count	94	43	137	65	76	141	159	119	278
		% within In which age group are you?	68.6%	31.4%	100.0%	46.1%	53.9%	100.0%	57.2%	42.8%	100.0%
		% within Gender	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	68.6%	31.4%	100.0%	46.1%	53.9%	100.0%	57.2%	42.8%	100.0%

Overall, the ratio of males to females is approximately 3:2 (57.2%: 42.8%). An analysis of the overall respondents yielded the following:

- Within the age category of 16 to 25 years, 51.1% were male. Within the category of males (only), 30.2% were between the ages of 16 to 25 years. This category of males between the ages of 16 to 25 years formed 17.3% of the total sample.
- In the age category of 26 to 30 years, 63.8% were male. Within the category of males (only), 32.21% were between the ages of 26 to 30 years. This category of males between the ages of 26 to 30 years formed 18.3% of the total sample.
- Within the age category of 31 to 40 years, 56.9% were male. Within the category of males (only), 18.2% were between the ages of 31 to 40 years. This category of males between the ages of 31 to 40 years formed 10.4% of the total sample.
- Within the age category of 41 to 50 years, 64.3% were male. Within the category of males (only), 17% were between the ages of 41 to 50 years. This category of males between the ages of 41 to 50 years formed 9.7% of the total sample.
- Within the age category of 51 to 60 years, 50% were male. Within the category of males (only), 2.5% were between the ages of 51 to 60 years. This category of males between the ages of 51 to 60 years formed 1.4% of the total sample.
- Within the age category of 61+ years, 100% were female. Within the category of females (only), 2.5% were between the ages of 61+ years.

Table 4.3 and Figure 4.1 below indicate the race group of the respondents.

Table 4.3: Race groups of respondents

	Customers	Non-customers	Overall
Black	21.90	31.21	26.62
White	9.49	13.48	11.51
Coloured	58.39	46.81	52.52
Indian	10.22	7.09	8.63

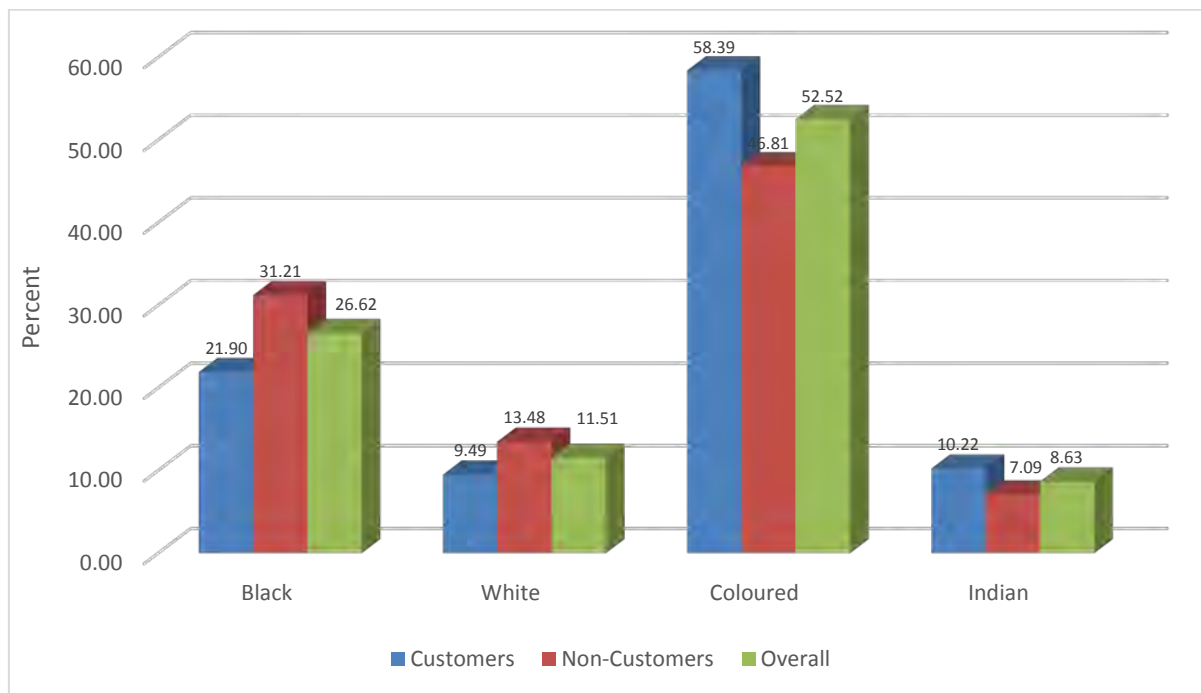


Figure 4.1: Race groups of respondents

Since the research was done in the Western Cape region, the demographics align with the percentages obtained. There were more customers amongst the Coloured and Indian race groups than the other two. The profile indicated by the research shows that 68.61% of the shoppers of Cash Crusaders private label products are male shoppers 31.39% are female. The race that is dominant in the research is Coloured at 58.39%, and the others are Black at 21.90%, Indian at 10.22% and White at 9.49%.

4.6 SECTION B – AWARENESS OF THE PRIVATE LABEL PRODUCT RANGE

The table below indicates the customer awareness of Cash Crusaders.

Table 4.4: Customer awareness of Cash Crusaders

			Customer status		Total
			Customer	Non-customer	
I am aware of Cash Crusaders	Yes	Count	136	139	275
		% within I am aware of Cash Crusaders	49.5%	50.5%	100.0%
		% within Customer Status	99.3%	99.3%	99.3%
		% of Total	49.1%	50.2%	99.3%
	No	Count	1	1	2
		% within I am aware of Cash Crusaders	50.0%	50.0%	100.0%
		% within Customer Status	.7%	.7%	.7%
		% of Total	.4%	.4%	.7%
	Total	Count	137	140	277
		% within I am aware of Cash Crusaders	49.5%	50.5%	100.0%
		% within Customer Status	100.0%	100.0%	100.0%
		% of Total	49.5%	50.5%	100.0%

The Cash Crusaders are well known with an error reported in 0.7% of the respondents not having heard of Cash Crusaders. Respondents that have heard of Cash Crusaders make 99.3%.

The level of awareness of the brands carried by Cash Crusaders is illustrated below in Figure 4.2.

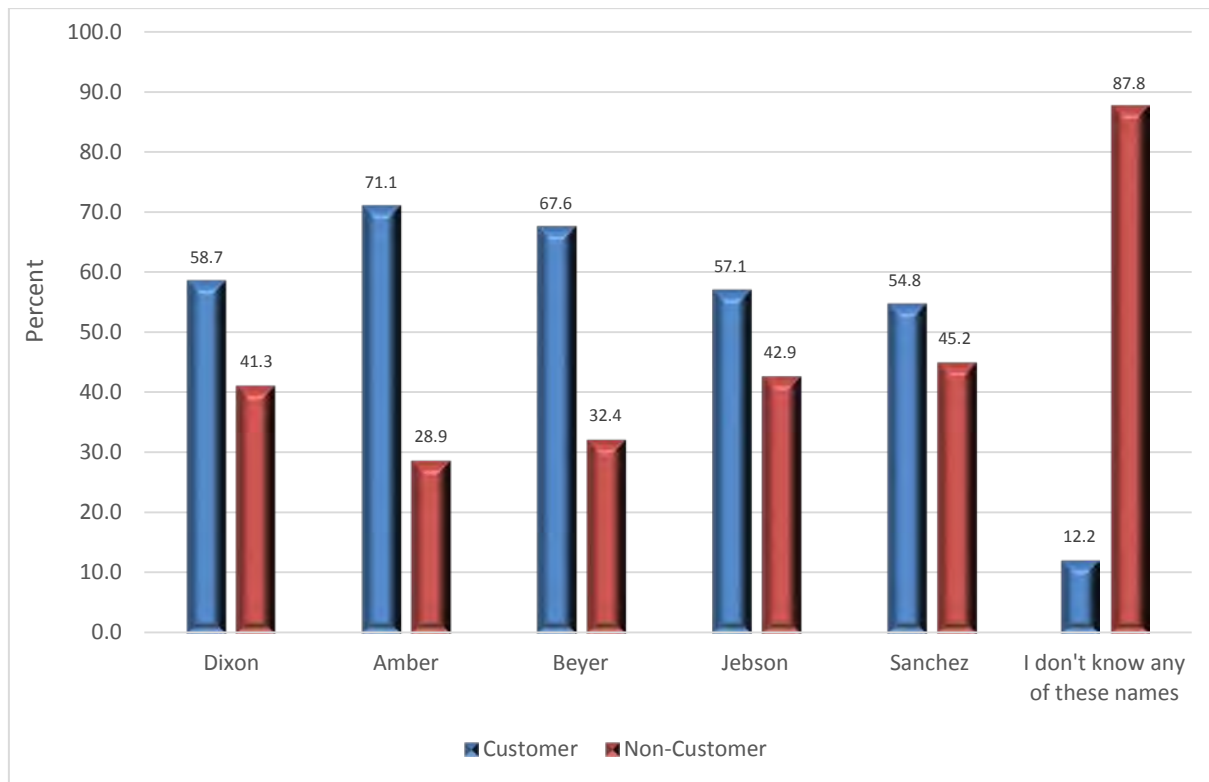


Figure 4.2: Brands that are recognised by customers and non-customers

For all Cash Crusaders brands, customers of Cash Crusaders were more familiar with the listed house brands than non-customers. Respondents indicated that the Dixon was the most commonly known brand at 42.43%, Amber, 17.93%, Beyer, 13.75%, Jebson, 9.96% and Sanchez, 6.18%, whilst fewer than 10% answered, “I don't know any of these names” (9.76%). The Dixon brand is most common with the widest range. This Dixon range includes car audio equipment, televisions, appliances, disc jockey equipment, hardware, sports and leisure and computers.

The information above indicates that of the customers that recognise Dixon, 58.7% were customers and 41.3% were non-customers. Where the respondents recognised Amber, 71.1% were customers and 28.9% were non-customers. Of the respondents that recognised Beyer, 67.6% were customers and 32.4% were non-customers. Of the respondents that recognised Jebson, 57.1% were customers and 42.9% non-customers and of the respondents that recognised Sanchez, 54.8% were customers and 45.2% were non-customers.

The second objective was to identify if respondents were aware that Cash Crusaders had a private label range of products. The research indicates that the respondents are aware of the Cash Crusaders brand. The majority of the respondents are aware that new products are available at Cash Crusaders. The most well-known brand under the Cash Crusaders umbrella is Dixon. This indicates that 42.43% of the sample is aware of the Dixon brand's existence.

Table 4.5 indicates whether respondents have seen new products for sale in a Cash Crusaders.

Table 4.5: Customers that have seen new products for sale in a Cash Crusaders

			Customer status		Total
			Customer	Non-customer	
I have seen new products for sale in a Cash Crusaders	Yes	Count	128	66	194
		% of Total	46.4%	23.9%	70.3%
	No	Count	8	47	55
		% of Total	2.9%	17.0%	19.9%
	I have not been into a Cash Crusaders	Count	0	27	27
		% of Total	0.0%	9.8%	9.8%
Total		Count	136	140	276
		% of Total	49.3%	50.7%	100.0%

Overall, 70.04% of the respondents indicated that they had seen new products for sale, 20.2% had not seen new products for sale and 9.75% indicated that they had not been into a Cash Crusaders.

The table below indicates whether purchases were made during the last year.

Table 4.6: Customers and non-customers split

			Customer status		Total
			Customer	Non-customer	
I bought a new product from Cash Crusaders in the past 12 months	Yes	Count	137	0	137
		% of Total	49.3%	0.0%	49.3%
	No	Count	0	141	141
		% of Total	0.0%	50.7%	50.7%
Total		Count	137	141	278
		% of Total	49.3%	50.7%	100.0%

Almost half of the total number of respondents (49.3%) had made a purchase in the last 12 months. This is the sample that was permitted to continue the questionnaire to identify their perceptions.

The shopper profile of a customer that has purchased private label products in the last 12 months can therefore predominantly be characterised as coloured males between the ages of 26 and 30 years. The gender and age statistics were also confirmed in a previous study done by Cash Crusaders. In this national study, the race was Black male in the same age group that had purchased the private label products.

4.7 SECTION C – PERCEPTIONS OF QUALITY

4.7.1 Section analysis

This section follows the analyses of the scoring patterns of the respondents for each variable per section. This is only done for the customers of Cash Crusaders as the questionnaire is designed to gauge the opinions of clients.

Levels of disagreement (negative statements) were collapsed to show a single category of “Disagree”. The same procedure was followed for the levels of agreement (positive statements). This is permitted due to the acceptable levels of reliability.

Results for the data are first presented using summarised percentages for the variables that make up each section. Results are further analysed depending on the importance of the statements.

The results are summarised below in Table 4.7 and Figure 4.3.

Table 4.7: Summary of customers' perceptions of quality of the private label range

	Disagree	Neutral	Agree
The following brands are well priced: Dixon Amber Beyer Jebson Sanchez	2.92	23.36	73.72
The brands mentioned are technically good	5.84	18.25	75.91
The brands mentioned are reliable	8.76	21.90	69.34
Cash Crusaders provides good after sales support for the following brands: Dixon Amber Beyer Jebson Sanchez	8.03	34.31	57.66

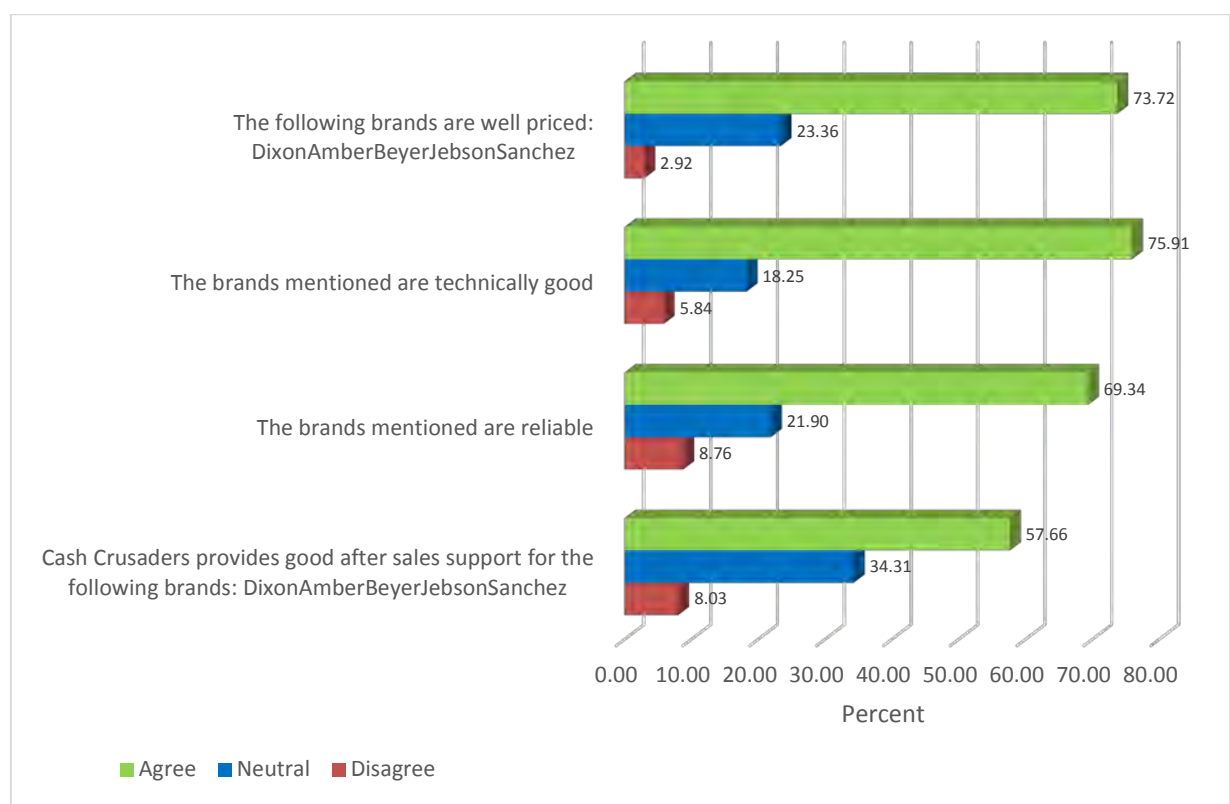


Figure 4.3: Summary of customers' perceptions of quality of the private label range

The average level of agreement in this section is 69.16%.

The first three statements have (high) similar levels of agreement. These refer to the price, how good the product is and the reliability of the product. This indicates that the customers are generally fairly content with the goods sold at cash Crusaders.

However, the average reduces due to the impact of the lower level of agreement regarding after sales service (57.66%).

4.7.2 Pricing

Panzone (2013) said that in markets, customers are often asked to choose amongst types of products. These products, where unknown, often resemble some risk and uncertainty. There has been research on the price-quality ideal, the ideal has changed where it is difficult to understand if the discount is a positive price–quality discount or a negative one (Panzone, 2013).

Respondents were required to indicate by means of a Likert scale if the private labels retailed by Cash Crusaders were well priced in their view. Of the responses, 40.44% fully agreed, 33.28% partially agreed, 23.36% were neutral in their response, 2.21% partially disagreed and 0.71% fully disagreed. The 40.44% is a fair indication that items are well priced. It is concerning that 59.56% did not fully agree but fortunately 74.26% were above neutral or in favour that the brands were well priced. The research thus states that the pricing of the private labels are good but that there is more room for appeal to customers.

4.7.3 Technically good

In manufacturing products for sale, there are reliability tools and quality methods to assist in creating a competitive advantage. Firms also gain competitive advantage through cost reductions and improved flexibility and dependability (Armalyte, Subramanian & Gunasekaran, 2013).

The research indicated that 30.88% fully agreed to Cash Crusaders' private label products being technically sound. Furthermore, 45.03% partially agreed to this statement, 18.25% were neutral, 3.68% partially disagreed and 2.16% fully

disagreed. This indicated that a larger percentage represented the partially agree category which was unlike the question regarding pricing. The data also shows that 76.47% of the sample comprised favourable responses.

4.7.4 Reliability

The world community recently emphasised the importance of new product development. This is due to products being developed with a high grade of quality and reliability. Aw (2005 cited in Natarajan, Senthil, Devadasan, Vijay Mohan & Sivaram, 2012) said that good quality and reliable products would dominate today's world market. Reliability, as stated by Gryna *et al.* (2007 cited in Natarajan, Senthil, Devadasan, Vijay Mohan & Sivaram, 2012) refer to the probability that a product performs during its working life without failures. Quality and reliability complement each other highly and Gurel and Cakmakci (2013) describe reliability as the base of a warranty. Reliability is often considered to be the mechanical side which affects the profitability issue. Reliability, as an important facet for the performance of the item, is considered to be the ability of a product to perform the required purpose under specified conditions for a predetermined time (Gurel & Cakmakci, 2013).

The research indicated that 25% fully agreed, 44.34% partially agreed, 21.90% were neutral, 5.88% partially disagreed and 2.88% fully disagreed.

4.7.5 Aftersales service

Aftersales service is a valuable profit making tool that allows businesses to compete and keep their customer base growing stronger. After sales service was stated as one of the risks of purchasing a private label product. It is a service which must be of a high standard and one that allows customers to transact easily with the store. Gupta and Lehmann (2007 cited in Kurata & Nam, 2010) recently focused on the lifetime value of a customer. Cementing long-standing relationships with customers went hand-in-hand with this. From the customer-relationship perspective, after-sales service is considered an important factor that impacts on establishing relationships with customers for years to come. Chien (2005 cited in Kurata & Nam 2010) indicated that free after-sales service, such as a

manufacturer's warranty, plays a vital role in attracting and retaining customer attention in a market with strong brand competition.

The research indicated that 27.21% fully agreed with the statement that Cash Crusaders provides good after sales support for their brands. Of the remaining responses, 30.45% partially agreed, 34.31% were neutral, 6.62% partially disagreed with the statement and 1.41% fully disagreed. These are not considered to be very strong results for aftersales service.

4.8 SECTION D – VALUE FOR MONEY

This involved determining whether the customers perceive the private label range as value for money. Dick *et al.* (1995 cited in Nenycz-Thiel & Romaniuk, 2011) indicated that value for money amongst private labels has become an expectation amongst customers. Walmart has made offering lower prices an everyday occurrence which is popular and important for success. Sweeney and Soutar (2001 cited in Nenycz-Theil & Romaniuk, 2011) also noted the importance of value for money positioning in the future.

Table 4.8 and Figure 4.4 below depict customers' perceptions of the private label products offering value for money.

Table 4.8: Customers' perception of value for money of the private label range

	Disagree	Neutral	Agree
Cash Crusaders staff members promote the following brands: DixonAmberBeyerJebsonSanchez	10.95	23.36	65.69
The products are appealing in terms of value for money	9.56	27.94	62.50
The following brands are easy to find in stores: DixonAmberBeyerJebsonSanchez	12.50	22.06	65.44
Cash Crusaders staff members explain the benefits of buying the following brands as opposed to established brands: DixonAm	17.52	28.47	54.01

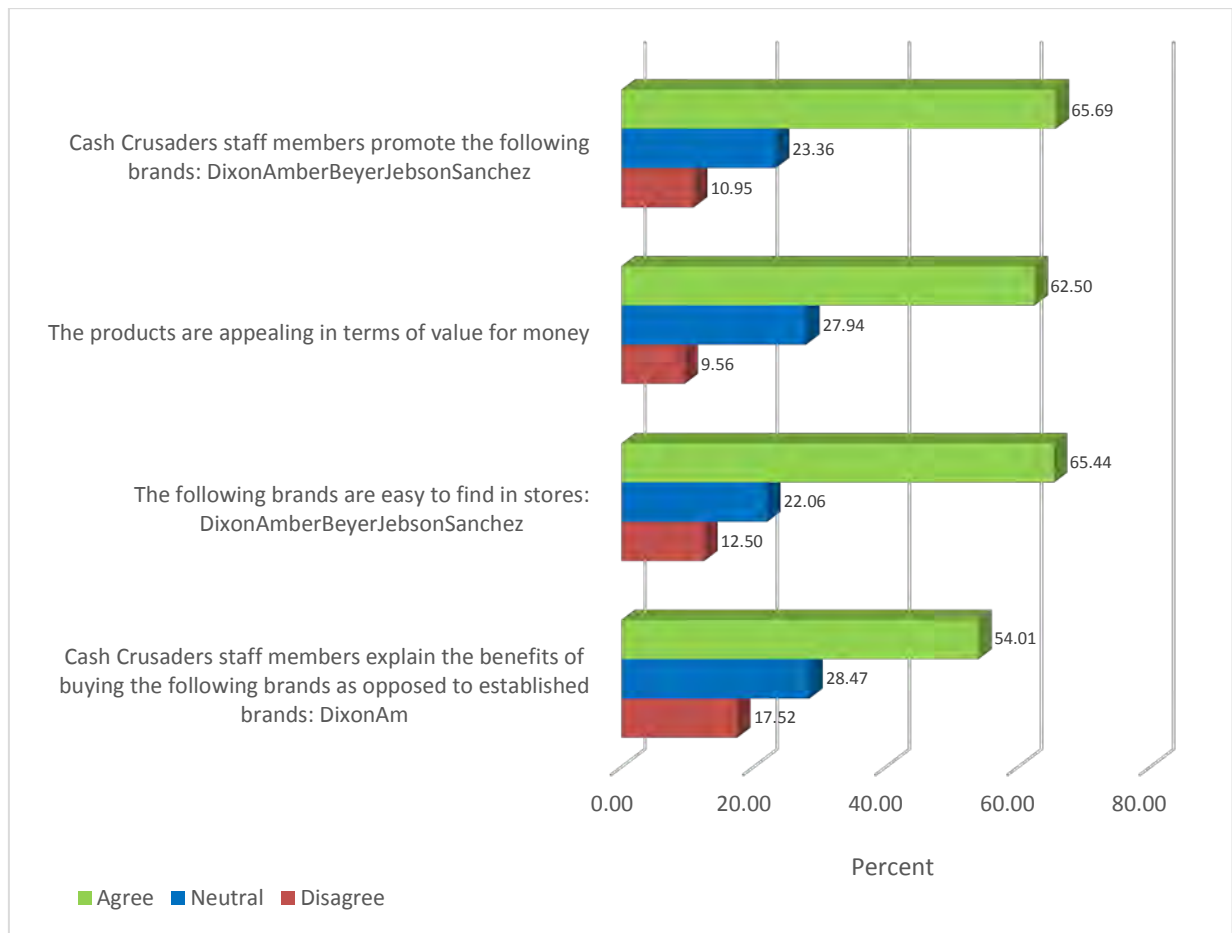


Figure 4.4: Customers’ perception of value for money of the private label range

The average level of agreement in this section is 61.91%.

It is clear that the customers perceive the private label range as value for money. Dick *et al.*(1995 cited in Nenycz-Thiel & Romaniuk, 2011) indicated that value for money of private labels has become an expectation amongst customers

4.8.1 Promoting private label products

The value proposition of the private label products sold by Cash Crusaders offers reasonable quality products for reduced prices. Promoting private labels through the value proposition is essential to promoting value for money. The research indicated that 30.15% fully agreed with the statement that Cash Crusaders staff members promote the private label brands; 35.54% partially agreed with the statement, 23.36% were neutral, 8.09% partially disagreed and 2.86% fully

disagreed. The leading statistic is the 35.54% partially agreeing to the statement of private labels being promoted.

4.8.2 Value for money

Regarding value for money for the private labels retailed by Cash Crusaders, 26.67% of respondents fully agreed, 35.83% partially agreed, 27.94% were neutral, 8.8% partially disagreed and 0.76% fully disagreed. Much like the statement made above, the leading statistic for this statement falls in partial agreement.

4.8.3 Easy to find in stores

Marketing has 4 Ps, namely product, price, place and promotion. Product refers to the correct product that can satisfy the needs of the targeted profiled client. Price discusses the right product offered at a price that appeals to the targeted client. Place means that the right product at the price is available in the right place for customers to purchase. Promotion finally refers to informing the target market about the range of products that suits them, their availability, the price and the place. Place refers to the distribution channel of the item on promotion, which in this case is Cash Crusaders stores. Being able to locate the products easily makes for ease of purchasing (Ehmke, Fulton & Lusk, 2007).

The results of the research indicated that 36.30% fully agreed, 29.14% partially agreed, 22.06% offered neutral responses, 10.75% partially disagreed and 1.75% fully disagreed.

4.8.4 Benefits of private labels

The benefits of private labels as described by Pearson (2012) are that they generally are the budget friendly option of a product that has a much higher price. During economic down times when customers are required to budget more carefully, private labels are found to be the responsible choice. Van Wyk (2012b) noted that private labels offer value for money, and Beneke (2009) stated that private label products provide increased store loyalty, brand loyalty, opportunities to seize new markets and an increase in bargaining powers for suppliers.

Explaining the benefits of buying a product from Cash Crusaders through the guarantees offered, reduced prices as opposed to national brands and exclusivity to Cash Crusaders, gives customers an insight regarding the benefits of the products sold. The research indicated that 27.95% fully agreed with the statement that Cash Crusaders staff explain the benefits of buying private label products, 26.06% partially agreed, 28.47% were neutral, 11.76% partially disagreed and 5.76% fully disagreed. The data indicates that with only 54.01% in agreement, there is a low indicator with respect to the survey.

4.9 SECTION E - MARKETING

This objective aimed to identify if customers of Cash Crusaders observe sufficient advertising. Cash Crusaders has promotions seven times a year where full colour A3 brochures are distributed around the country in most national newspapers and local papers. Cash Crusaders also has television adverts and a presence on social media sites to increase awareness of the brand and its products. The private label range is also available on sites such as Pricecheck.com and Guzzle.com that allow shoppers to compare prices, features and benefits.

Table 4.9 and Figure 4.5 below describe customers' feedback on the marketing done by Cash Crusaders.

Table 4.9: Customers' feedback on marketing initiatives

	Disagree	Neutral	Agree
The Cash Crusaders adverts in the media make me aware of their products: DixonAmberBeyerJebsonSanchez	14.81	22.22	62.96
I regularly receive Cash Crusaders pamphlet handouts	32.12	14.60	53.28
I regularly receive SMSs from Cash Crusaders	59.56	13.97	26.47
Cash Crusaders TV advertising entices me to visit their stores	29.93	21.17	48.91

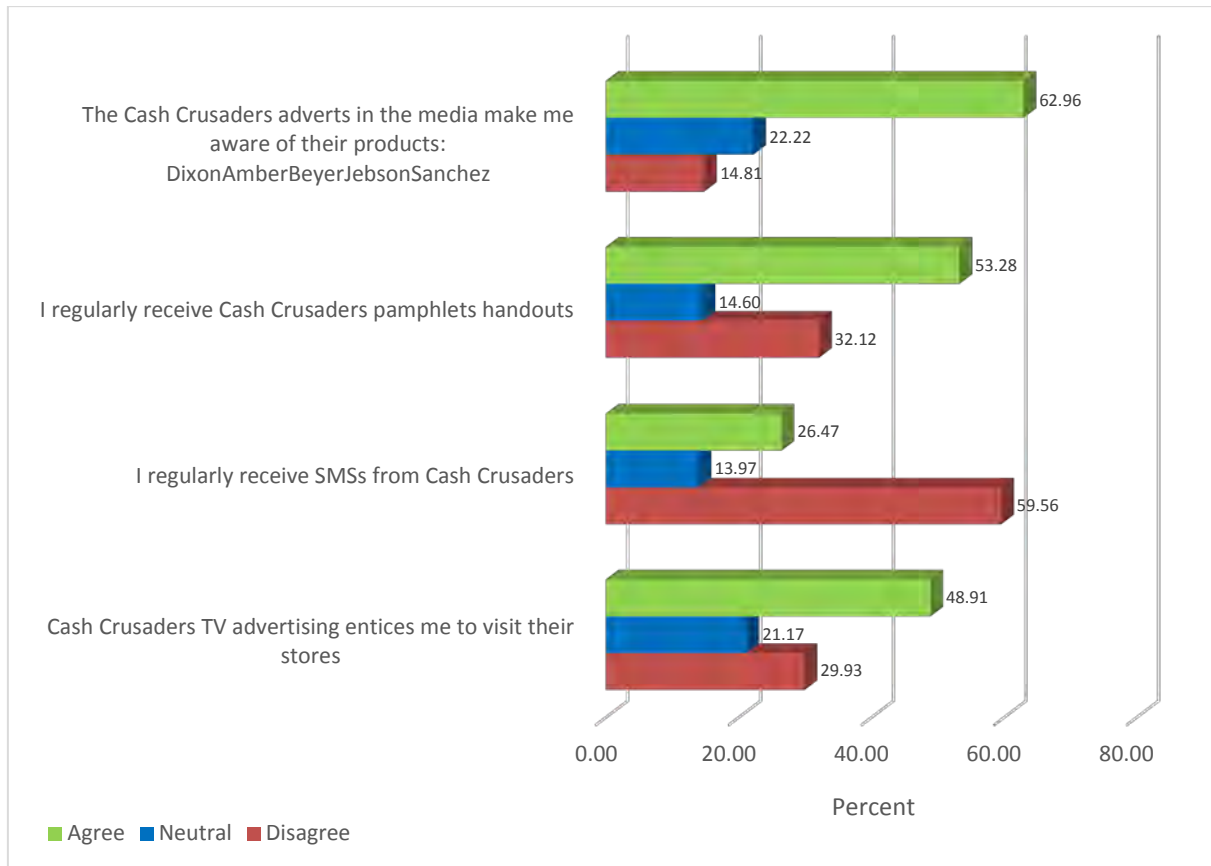


Figure 4.5: Customers’ feedback on marketing initiatives

The average level of agreement in this section is 47.91%.

Keller (2008 cited in Huang & Sarigöllü, 2012) explained brand awareness as the consumers’ ability to recall or recognise brands. It also refers to whether consumers know about a particular brand. Brand names provide the memory nodes in consumers' minds as stated by Aaker (1991 cited in Huang & Sarigöllü, 2012). Keller (2008 cited in Huang & Sarigöllü, 2012) further explained that brand awareness provides a kind of learning benefit for the brand. Brand awareness affects consumer decision-making. Brands that consumers know, explained by Hoyer and Brown (1990) and MacDonald and Sharp (2000) both cited in Huang and Sarigöllü (2012) are more likely to be included in the consumers' choice of product selection. Therefore, brand awareness increases brand market performance (Huang & Sarigöllü, 2012).

4.9.1 Awareness of private label range through media

Of the respondents, 32.84% agreed with the statement that “Cash Crusaders’ adverts in the media make me aware of their products” 30.12% offered partial agreement, 22.22% were neutral, 11.94% partially disagreed and 2.87% fully disagreed. Agreement in this statement was 62.96% but only 32.84% was full agreement. For these products to become part of the consideration set of customers in the future, full agreement would have to be higher.

4.9.2 Receiving flyers regularly

Responses indicated that 30.15% customers fully agreed with the statement, “I regularly receive the Cash Crusaders’ pamphlets/hand-outs”, 23.13% partially agreed, 14.6% were neutral, 16.18% partially disagreed and 15.94% fully disagreed. Agreement in this statement is lower than the previous statement at 53.26%.

4.9.3 Receiving SMSs

Responses indicated that 13.33% customers fully agreed with the statement, “I regularly receive SMSs from Cash Crusaders, 13.14% partially agreed, 13.97% were neutral, 11.35% partially disagreed with the statement and 48.21% fully disagreed. This statement fell more in the disagree rather than agree category.

4.9.4 Cash Crusaders’ television advertising

Cash Crusaders use adverts to keep customers buying more products from them. An added benefit of such advertising is that customers come into their stores to find bargains.

Responses indicated that 26.75% of the respondents fully agreed with the statement, “Cash Crusaders’ television (TV) advertising entices me to visit their stores”, 22.16% partially agreed, 21.17% were neutral, 12.5% partially disagreed and 17.43% fully disagreed.

4.10 ADDITIONAL STATISTICS

Additional statistics have been compiled using the data while linking them to the objectives of the study.

4.10.1 Hypothesis testing (inferential stats)

The traditional approach to reporting a result requires a statement of statistical significance. A **p-value** is generated from a **test statistic**. A significant result is indicated with " $p < 0.05$ ". These values are highlighted with a *.

The Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns).

The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association.

Table 4.10 summarises the results of the Chi square tests for the customers only.

Table 4.10: Chi square results

	Race	Gender	City	Age	Aware of Cash Crusaders
The following brands are well priced: Dixon Amber Beyer Jebson Sanchez	0.34	0.784	0.656	0.271	0.826
The brands mentioned are technically good	0.547	.016*	.006*	0.65	0.685
The brands mentioned are reliable	0.285	0.357	.000*	0.731	0.549
Cash Crusaders provides good after sales support for the following brands: Dixon Amber Beyer Jebson Sanchez	0.88	0.184	.000*	0.28	0.685
Cash Crusaders staff members promote the following brands: Dixon Amber Beyer Jebson Sanchez	0.811	0.946	.001*	.001*	0.508
The products are appealing in terms of value for money	0.658	0.168	.000*	0.441	0.627
The following brands are easy to find in stores: Dixon Amber Beyer Jebson Sanchez	0.232	0.664	0.998	.022*	0.469
Cash Crusaders staff members explain the benefits of buying the following brands as opposed to established brands: DixonAm	0.588	0.139	0.267	.009*	0.639
The Cash Crusaders adverts in the media make me aware of their products: Dixon Amber Beyer Jebson Sanchez	0.417	0.447	0.267	0.066	0.474
I regularly receive Cash Crusaders pamphlets hand-outs	.049*	.063	0.625	0.055	0.508
I regularly receive SMSs from Cash Crusaders	0.231	.167	0.632	.048*	0.158
Cash Crusaders TV advertising entices me to visit their stores	0.082	.039*	0.842	0.269	0.441

All values without an * (or p-values more than 0.05) do not have a significant relationship.

4.10.2 P-value between “Gender” and “The brands mentioned are technically good”

The p-value between “Gender” and “The brands mentioned are technically good” is 0.016 (which is less than the significance value of 0.05). This means that there is a significant relationship between the variables. That is, the gender of a respondent does play a role in terms of customers rating the technical capabilities of products. The data depicted in Table 4.11 below indicates that males perceive the brands as technically good more so than females do.

Table 4.11: Cross tabulation for brands being technically good and gender

The brands mentioned are technically good * Gender Cross tabulation					
			Gender		Total
			Male	Female	
The brands mentioned are technically good	Fully disagree	Count	3	0	3
		% within The brands mentioned are technically good	100.0%	0.0%	100.0%
		% within Gender	3.2%	0.0%	2.2%
		% of Total	2.2%	0.0%	2.2%
	Partially disagree	Count	5	0	5
		% within The brands mentioned are technically good	100.0%	0.0%	100.0%
		% within Gender	5.3%	0.0%	3.6%
		% of Total	3.6%	0.0%	3.6%
	Neutral	Count	11	14	25
		% within The brands mentioned are technically good	44.0%	56.0%	100.0%
		% within Gender	11.7%	32.6%	18.2%
		% of Total	8.0%	10.2%	18.2%
	Partially agree	Count	47	15	62
		% within The	75.8%	24.2%	100.0%

The brands mentioned are technically good * Gender Cross tabulation					
			Gender		Total
			Male	Female	
		brands mentioned are technically good			
		% within Gender	50.0%	34.9%	45.3%
		% of Total	34.3%	10.9%	45.3%
	Fully agree	Count	28	14	42
		% within The brands mentioned are technically good	66.7%	33.3%	100.0%
		% within Gender	29.8%	32.6%	30.7%
		% of Total	20.4%	10.2%	30.7%
	Total		Count	94	43
			% within The brands mentioned are technically good	68.6%	31.4%
			% within Gender	100.0%	100.0%
			% of Total	68.6%	31.4%

4.10.3 P-value between “Race” and “I regularly receive the flyers/hand-outs from Cash Crusaders”

The p-value between “Race” and “I regularly receive the flyers/hand-outs from Cash Crusaders” is 0.049 (which is less than the significance value of 0.05). This means that there is a significant relationship between the variables. That is, the race of a respondent does play a role in terms of receiving the flyers. The data below indicates that the black and coloured race groups regularly receive the inserts.

Table 4.12: Cross tabulation for customers receiving hand-outs and race

I regularly receive Cash Crusaders pamphlets hand-outs * Please indicate your race Cross tabulation							
			Please indicate your race				Total
			Black	White	Coloured	Indian	
I regularly receive Cash Crusaders pamphlets handouts	Fully disagree	Count	9	3	9	1	22
		% within I regularly receive Cash Crusaders pamphlets handouts	40.9%	13.6%	40.9%	4.5%	100.0%
		% within Please indicate your race	30.0%	23.1%	11.3%	7.1%	16.1%
		% of Total	6.6%	2.2%	6.6%	.7%	16.1%
	Partially disagree	Count	2	1	18	1	22
		% within I regularly receive Cash Crusaders pamphlets handouts	9.1%	4.5%	81.8%	4.5%	100.0%
		% within Please indicate your race	6.7%	7.7%	22.5%	7.1%	16.1%
		% of Total	1.5%	.7%	13.1%	.7%	16.1%
	Neutral	Count	5	1	9	5	20
		% within I regularly receive Cash Crusaders pamphlets handouts	25.0%	5.0%	45.0%	25.0%	100.0%
		% within Please indicate your race	16.7%	7.7%	11.3%	35.7%	14.6%
		% of Total	3.6%	.7%	6.6%	3.6%	14.6%

I regularly receive Cash Crusaders pamphlets hand-outs * Please indicate your race Cross tabulation							
			Please indicate your race				Total
			Black	White	Coloured	Indian	
	Partially agree	Count	3	5	20	4	32
		% within I regularly receive Cash Crusaders pamphlets handouts	9.4%	15.6%	62.5%	12.5%	100.0%
		% within Please indicate your race	10.0%	38.5%	25.0%	28.6%	23.4%
		% of Total	2.2%	3.6%	14.6%	2.9%	23.4%
	Fully agree	Count	11	3	24	3	41
		% within I regularly receive Cash Crusaders pamphlets handouts	26.8%	7.3%	58.5%	7.3%	100.0%
		% within Please indicate your race	36.7%	23.1%	30.0%	21.4%	29.9%
		% of Total	8.0%	2.2%	17.5%	2.2%	29.9%
Total		Count	30	13	80	14	137
		% within I regularly receive Cash Crusaders pamphlets handouts	21.9%	9.5%	58.4%	10.2%	100.0%
		% within Please indicate your race	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	21.9%	9.5%	58.4%	10.2%	100.0%

4.10.4 P-value between “Gender” and “The television adverts entice me to visit Cash Crusaders stores”

The p-value between “Gender” and “The television adverts entice me to visit Cash Crusaders stores” is 0.039 (which is less than the significance value of 0.05). This means that there is a significant relationship between the variables. That is, the gender of a respondent does play a role in terms of being enticed through television adverts to visit Cash Crusaders stores. The data indicates that the black and coloured race groups regularly receive the inserts.

Table 4.13: Cross tabulation of TV adverts and gender

Cash Crusaders TV advertising entices me to visit their stores * Gender Cross tabulation					
			Gender		Total
			Male	Female	
Cash Crusaders TV advertising entices me to visit their stores	Fully disagree	Count	21	3	24
		% within Cash Crusaders TV advertising entices me to visit their stores	87.5%	12.5%	100.0%
		% within Gender	22.3%	7.0%	17.5%
		% of Total	15.3%	2.2%	17.5%
	Partially disagree	Count	15	2	17
		% within Cash Crusaders TV advertising entices me to visit their stores	88.2%	11.8%	100.0%
		% within Gender	16.0%	4.7%	12.4%
		% of Total	10.9%	1.5%	12.4%
	Neutral	Count	17	12	29
		% within Cash Crusaders TV advertising entices me to visit their stores	58.6%	41.4%	100.0%
		% within Gender	18.1%	27.9%	21.2%

Cash Crusaders TV advertising entices me to visit their stores * Gender Cross tabulation					
			Gender		Total
			Male	Female	
	Partially agree	% of Total	12.4%	8.8%	21.2%
		Count	19	12	31
		% within Cash Crusaders TV advertising entices me to visit their stores	61.3%	38.7%	100.0%
		% within Gender	20.2%	27.9%	22.6%
		% of Total	13.9%	8.8%	22.6%
	Fully agree	Count	22	14	36
		% within Cash Crusaders TV advertising entices me to visit their stores	61.1%	38.9%	100.0%
		% within Gender	23.4%	32.6%	26.3%
		% of Total	16.1%	10.2%	26.3%
Total		Count	94	43	137
		% within Cash Crusaders TV advertising entices me to visit their stores	68.6%	31.4%	100.0%
		% within Gender	100.0%	100.0%	100.0%
		% of Total	68.6%	31.4%	100.0%

4.11 CORRELATIONS (INFERENTIAL STATS)

Bivariate correlation was also performed on the (ordinal) data. The results are discussed below.

The results indicate the following patterns.

Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **.

The following key was used to make the table more compact.

Table 4.14: Key for correlation feedback

A1	The following brands are well priced: Dixon Amber Beyer Jebson Sanchez
A2	The brands mentioned are technically good: Dixon Amber Beyer Jebson Sanchez
A3	The brands mentioned are reliable: Dixon Amber Beyer Jebson Sanchez
A4	Cash Crusaders provides good after sales support for the following brands: : Dixon Amber Beyer Jebson Sanchez
B1	Cash Crusaders staff members promote the following brands: Dixon Amber Beyer Jebson Sanchez
B2	The products are appealing in terms of value for money: Dixon Amber Beyer Jebson Sanchez
B3	The following brands are easy to find in stores: Dixon Amber Beyer Jebson Sanchez
B4	Cash Crusaders staff members explain the benefits of buying the following brands as opposed to established brands: Dixon Amber Beyer Jebson Sanchez
C1	The Cash Crusaders adverts in the media make me aware of their products
C2	I regularly receive Cash Crusaders pamphlets hand-outs
C3	I regularly receive SMSs from Cash Crusaders
C4	Cash Crusaders TV advertising entices me to visit their stores

Table 4.15 depicts the correlation between the questions asked.

Table 4.15: Correlations between questions

			A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4
Spearman's rho	A1	Correlation Coefficient	1.000											
		Sig. (2-tailed)												
		N	137											
	A2	Correlation Coefficient	.445**	1.000										
		Sig. (2-tailed)	.000											
		N	137	137										
	A3	Correlation Coefficient	.465**	.618**	1.000									
		Sig. (2-tailed)	.000	.000										
		N	137	137	137									
	A4	Correlation Coefficient	.310**	.404**	.571**	1.000								
		Sig. (2-tailed)	.000	.000	.000									
		N	137	137	137	137								
	B1	Correlation Coefficient	.274**	.408**	.470**	.551**	1.000							
		Sig. (2-tailed)	.001	.000	.000	.000								
		N	137	137	137	137	137							
	B2	Correlation Coefficient	.225**	.423**	.398**	.466**	.489**	1.000						
		Sig. (2-tailed)	.009	.000	.000	.000	.000							
		N	136	136	136	136	136	136						
	B3	Correlation Coefficient	.348**	.428**	.369**	.348**	.459**	.557**	1.000	.409**				

			A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000				
		N	136	136	136	136	136	135	136	136				
	B4	Correlation Coefficient	.318**	.369**	.357**	.316**	.432**	.319**	.409**	1.000				
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000					
		N	137	137	137	137	137	136	136	137				
	C1	Correlation Coefficient	.277**	.285**	.382**	.329**	.382**	.285**	.363**	.542**	1.000			
		Sig. (2-tailed)	.001	.001	.000	.000	.000	.001	.000	.000				
		N	135	135	135	135	135	134	134	135	135			
	C2	Correlation Coefficient	.359**	.253**	.452**	.270**	.234**	.203*	.234**	.398**	.469**	1.000		
		Sig. (2-tailed)	.000	.003	.000	.001	.006	.018	.006	.000	.000			
		N	137	137	137	137	137	136	136	137	135	137		
	C3	Correlation Coefficient	.116	.194*	.297**	.274**	.156	.049	.125	.227**	.121	.324**	1.000	
		Sig. (2-tailed)	.179	.024	.000	.001	.069	.569	.149	.008	.161	.000		
		N	136	136	136	136	136	135	135	136	135	136	136	
	C4	Correlation Coefficient	.327**	.333**	.482**	.403**	.286**	.278**	.409**	.340**	.501**	.588**	.418**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.001	.001	.000	.000	.000	.000	.000	
		N	137	137	137	137	137	136	136	137	135	137	136	137

The following correlations are relevant to the data set:

The correlation value between “A1” and “B2” is 0.255. This is a directly related proportionality. Respondents agreed that the better the prices of the private label range, the more appealing the range will be in terms of value for money.

The correlation value between “A1” and “C2” is 0.359 indicating that the relationship between the private label items being well priced and the receiving of Cash Crusaders flyers/hand-outs are proportionally correlated. This indicates that the better the prices on the insert, the more inclined customers are to view them as well priced.

The correlation between “A2” and “B2” indicates a correlation of 0.432 between the items being technically good and offering value for money. Customers would perceive these products to be of better value for money if products were more technically good.

The correlation that exists between “A2” and “C1” indicates a correlation of 0.285. This exists for products being technically good and adverts in the media. This indicates that the better the brands are in terms of quality, the more they are noticed in the media and the better the response is.

The correlation that exists between “A3” and “B2” indicates a correlation of 0.398. This means that the more reliable the products are, the more they appeal to value for money proportionately.

The correlation between “A3” and “B1” exists at 0.470. Customers agree that an increase in reliability would mean more sales staff detailing benefits to them.

The correlation value between “A4” and “B2” is 0.466. This is a directly related proportionally. Respondents agree that the better the after sales support for particular brands, the more appealing products would be in terms of value for money.

The correlation value between “A4” and “B4” is 0.316. This is a directly related proportionally. Respondents agree that the better the after sales support for private label brands, the more it will be regarded as a benefit to customers.

4.12 SUMMARY

This chapter has provided insight to the research conducted on the perceptions of the private label range at Cash Crusaders. The research indicates that respondents are aware of the private label range, perceive value in the private label range, and consider the range to be of good quality. They also receive the flyers that are sent out, but not regularly, and visit stores as a result of the television adverts. Chapter Five will recommend how these can be improved.

CHAPTER FIVE:

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents and considers the findings from the empirical study against the literature in order to draw conclusions and to make suitable recommendations. The proposed recommendations will assist in aiding management in growing retail turnovers of the new goods profit centre. Increasing turnovers and delivering a clearer message to the customers that buy products would assist the company in expanding the number of customers attracted while offering superior levels of service.

5.2 OBJECTIVE ONE

To identify the demographic profile of Cash Crusaders' private label customers.

5.2.1 Findings

The research found that the demographic profile of the shopper of new goods is coloured males aged 16 to 30 which covers 63% of the total number of respondents. Segmentation of the demographic allows for understanding and predictability of the profiled customers.

5.2.2 Literature

The age group profiled were born between 1983 and 1997. Parment (2013) stated that this age group comprises Generation Y respondents who were born between the years 1977 and 1989. Segmentation allows for marketers to use variables such as demographic, geographic and psychographic approaches that go deeper than the surface of customers to comprehend their buying inspiration and additional behavioural traits.

Table 5.1 below is a summary of interviews and focus groups conducted in a previous study regarding purchasing traits of Generation Y and Baby Boomers.

Table 5.1: Interview summary comparison of Generation Y and Baby Boomers

Conclusion of the interviews and focus groups.		
	Generation Y	Baby Boomers
Great product supply/many market opportunities	An opportunity and source of inspiration	Somewhat frustrating
Large supply of information	OK to deal with. Know how to navigate the information landscape.	Stressful, takes time to deal with
Purchase criteria emphasis	Emotional	Rational
Main risks	Social risk	Physical and financial risk
Choice of product	Emotional	Rational
Choice of retailer	Rational	Emotional
Retailer loyalty	Low	High
Attractive products	Innovative: Early adoption	Mature: late adoption
Social influence on purchase decisions	High	Limited
Source of social influence	Well-known and influential people, friends	Experts and close friends—but they hesitate to confess it.
Main role of the brand	Image, social profiling and quality	Quality

Source: Parment, A. 2013.

The population of Generation Y came of age when economic growth became abundantly noticeable, there was a strong rise in social media, reality television was introduced, and modernist values vanished. The generation is also supported by global influences and popular culture (Parment, 2013).

5.2.3 Recommendations

Marketing strategies that have been successful are campaigns that personalise and are not robust but rather subtle. The generation is quite used to the conventional forms of marketing and not loyal to retailers. The product needs to be

appealing through social influences with influential figures that do not tarnish their social status.

In addition to the Generation Y respondents that Cash Crusaders would have to cater for, there is also the Generation Z. There are limited resources for this generation but there are many characteristics of and insights to these customers that can assist with understanding how to appeal to them. The definitive change from this generation to the previous one is their attitude towards money. They believe that they will earn sufficiently well to maintain their current lifestyle. In a previous study conducted, it was found that 42% of them had credit cards in their own name (Paul, 2001).

Badwan (2013) of Hill and Knowlton strategies stated that the population that makes up Generation Z is impatient, that they have a very short attention span and that marketing to this segment is quite difficult. They recommend that a significant amount of information should be available on anything that a company wishes to sell to this segment. It is advised that, while social media is on the forefront of many companies' marketing strategies, more subtle and personalised strategies for brand information is very important. Through the advents of search engine optimisation, the statement made is that they will find you (Badwan, 2013).

5.3 OBJECTIVE TWO

To identify whether respondents are aware of the private label brands sold by Cash Crusaders.

5.3.1 Findings

The information noted that while Dixon was the most recognised brand amongst the respondents, the customers versus non-customers had a higher recollection of Amber. The brands are well known amongst the respondents but only 70% of all the respondents have seen new goods for sale in a Cash Crusaders. The recommendation would be to include the colour change of the point of purchase material into the sales person's greeting. The recommendation in this matter is to also have larger point of purchase material similar to the aisles in a supermarket. These state the contents of those aisles and in this case can state the contents of

a section. These include “Cash Crusaders DJ Equipment” and “Cash Crusaders Home Appliances”.

5.3.2 Literature

Brand equity is defined as the influence of a brand that remains in customers' minds. It includes what customers experienced with the brand and anything that they may have learned about the brand over time. This is considered to be an added value bestowed to a product or brand through judgments, actions, and words of customers. Brand equity has provided a strong strategic function for businesses that assist in guiding marketing choices. It is imperative that marketers understand the foundations of brand equity in order for the strategy to be correctly executed. Marketers will be able to affect outcomes of interest through increases in sales or confidence in the brands marketed. The outcomes of brand equity give marketers mutual ground for construing strategies and evaluating the brand. Bases of brand equity assist marketers in understanding and focusing resources on what increases the equity of the brand. The products of brand equity assist marketers to comprehend in what way brands add value. The impact of a brand is in the thoughts, beliefs, feelings, experiences and attitudes of consumers. Such brand information changes the manner in which customers react to goods, prices, communication types, communication channels and other marketing activities being conducted (Keller, 2003).

5.3.3 Recommendations

Brand awareness is the degree and ease with which consumers evoke and recognise the brand as well as ascertain the goods and services with which the brand is related. The recommendation offered for brand awareness is more than merely to recognise the brands, which customers for this study do; it is also to have these brands recognised in terms of the value proposition for which they were created. Brand associations for these products need to be focused keenly on strength, reliability, uniqueness their attributes and benefits. Brand approaches include the assessments of a brand in terms of quality and the gratification it creates. The brand activity is the degree to which consumers buy and make use of the brand, talk to other people, pursue brand evidence and advancements of their

products which need to be strengthened through advertisements of quality, reliability and outstanding service. Sustained marketing campaigns through different media like television adverts, in-store branding, service delivery, staff knowledge and through social media can assist in strengthening this relationship and enhancing brand awareness and associations.

5.4 OBJECTIVE THREE

To recognise how many customers perceive quality in the private label range.

5.4.1 Findings

The average agreement to this statement was 69.16%. The recommended way of increasing the perception of quality is to offer reference pricing. By means of a direct substitute customers would immediately see the value in their purchase rather than leaving it to their memory. This is referred to external reference pricing (Panzone, 2013). This would also aid in taking advantage of the relationship between price and value for money. The price correlation is also seen through the pamphlets/hand-outs that Cash Crusaders sends out. The relationship is that customers would perceive better pricing through the pamphlets/hand-outs. The recommendation in this regard is to ensure that there are always items at reduced prices for the value proposition to be seen.

5.4.2 Literature

The matter of competitive advantage has been established in many retailers through offering incrementally better quality for their products. Private label products, being technically good and reliable, are significant to this advantage. Creating products that have a better and stronger feel to them by means of materials that are used can assist with depicting quality. The relationship between value for money and technically good exists here where customers agree that the more technically good the item is, the better the value for money. Aftersales service also lends itself to the issue of total quality management. Cash Crusaders has a 7day exchange policy for certain items. Should they consider to be more lenient in this regard, the financial risk and the time risk of buying a private label product are resolved in a customer's mind.

5.4.3 Recommendations

The relationship that exists between sales staff explaining the benefits of buying private label products and the after sales service can be taken advantage of and would result in customers seeing better value for money in these purchases.

5.5 OBJECTIVE FOUR

To determine if respondents consider the brand to be value for money.

5.5.1 Findings

The general agreement in this question was 61%. This is not sufficient for the value proposition that the business seeks. Customers perceiving value for money in any purchase is important during times of budgetary spending.

5.5.2 Literature

The transfer of value for money associations between retailer and product has an influence on the choices marketers and managers make with regard to branding and the positioning of private labels. As private labels are continuously evolving, the association is quite important as retailers have started including premium private labels. The increased sophistication of private label brands requires retailers to be more astute in their understanding of the factors that allow customers to perceive value for money. The consumer's perceptions of the supermarket offering value for money are very important (Nenycz-Theil & Romaniuk, 2011).

Raghubir (2006) stated that value for money, which is a subjective measure by nature, can be referenced to actual measures through reference prices. Urbany *et al.* (1988 cited in Raghubir, 2006) said that comparative judgments can be made with other products or stores where Mayhew and Winer (1992) and Winer (1986) both cited in Raghubir (2006) added that previous prices of the same products on different occasions are a measure for value for money. Liefeld and Heslop (1985 cited in Raghubir, 2006) said that advertised prices along with the price at the time being rendered offered a value for money measure. Jacobson and Obermiller (1990) and Kalwani and Yim (1992) both cited in Raghubir (2006) said that price

prospects based on previous promotion experiences are measures for value for money.

5.5.3 Recommendations

The recommendation to increase the value for money perception would be the external reference pricing as discussed above, and ease of information availability through blogs and websites. Benefits of buying the private label range should be better spelt out to sales staff through national training. There is a positive relationship between the positioning of the retailer and the products they retail. To better position Cash Crusaders through an integrated marketing campaign would assist in the value for money proposition.

5.6 OBJECTIVE FIVE

To determine whether Cash Crusaders' clientele observe enough advertising by Cash Crusaders.

5.6.1 Findings

Of the target market as seen through objective one, 62.96% agree with the statement of being made aware of the private label range through receiving the pamphlets/hand-outs. This indicates that there is a need to speak to them through other mediums.

5.6.2 Literature

A negligible amount of market segmentation can allow firms to get better profits, as long as there is sufficient disparity for per-consumer advertising costs across many customer segments as per the target market. In a highly competitive retail landscape there is a benchmark to detach the effects of segmentation on competition. While different marketing plans have different costs, the question firms have to answer is how to advertise their products to the best of their ability given the situations. It suggests that, not only does the amount of advertising matter, but so too does the firm's capability to aim adverts to groups of customers (Galeotti & Moraga-González, 2008).

5.6.3 Recommendations

By using segmentation Cash Crusaders would be able to reach more customers at smaller increments to their current marketing expenditure. Creating blogs, offering more information on the company website and very clear messages through television that indicate that Cash Crusaders has a private label range could clear up customers' and non-customers' philosophies on private label products. This would ensure that the message is clear, concise and appeals to the target market. Ensuring that the segment of market that Cash Crusaders is trying to reach is targeted is essential in order to improve awareness and most likely sales.

If a relationship exists between Cash Crusaders and its customers then television adverts will entice the customers to visit Cash Crusaders. The television campaign should be extended to include the private label range. The advertisement should be relevant to customers and broader than the existing core customers who are coloured males aged 16-30 years old.

5.7 LIMITATIONS OF THE STUDY

One of the limitations of the study is that it was limited to Cash Crusaders' customers in the Western Cape. The study was quantitative and not qualitative which lacks depth and richness of information to draw better insights of respondents.

5.8 SUGGESTIONS FOR FURTHER RESEARCH

Future studies will be done on the type of customer that shops at a Cash Crusaders store regarding their occupation type, annual incomes and types of products purchased. This will allow for different categories to be marketed to the demographic that is interested in those categories. Future studies will also review the brand equity of Cash Crusaders. The brand has been synonymous for selling second-hand goods where changing their stance in minds of customers will take some time.

5.9 CONCLUSION

The aim of this study was to understand consumer perceptions of private label products at Cash Crusaders. Through the empirical study on customer and non-customer perceptions of Cash Crusaders' private labels conclusions were drawn and recommendations made to increase the awareness and turnover of the private label products.

The data that was collected offered insight to consumer perceptions and showed that customers are aware of the private label range as per objective two. They perceive the private label range to be value for money products as per objective three and of suitable quality as per objective four. Some respondents perceive that there is sufficient marketing of these products while others do not, as per objective five. Objective one allows for an understanding of the demographic; it is important to notice that shoppers are not necessarily loyal to any brand. They seek information and quality through the internet and then decide what to buy and where to shop. Sales staff at Cash Crusaders can play a pivotal role in changing many of the outcomes of research by better explaining to customers the value proposition through the private label range and by dealing with aftersales service in better ways. Risks that customers experience more so with private label purchases are the financial risk and the time risk. These can be evaded through a less restrictive guarantee policy in a customer may feel that they are locked into a purchase and should they not enjoy the product, they will not be able to exit the transaction easily. Another important advent is positioning Cash Crusaders as a new goods retailer in the minds of customers so that the private label range becomes part of the consideration set for decision making. Putting these facets together will allow for better positioning of the new goods with customers and thus increase turnover.

Based on the research and the literature, if the recommendations are implemented Cash Crusaders will find that with a more effective marketing campaign and by staff having better product knowledge there should be an increase in the sales of these private label ranges.

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APPENDIX 1:

INTRODUCTORY AND CONSENT LETTER



CASH CRUSADERS franchising (PTY) LTD – REG. NO. 03/017313/07
EXECUTIVE CHAIRMAN - B. TOPAT, CEO - S. STEGMANN, DIRECTOR - G. TOPAT
PO Box 39568 Capricorn Square 7948 – No 1, Lakeside Place Capricorn Park Prince George Drive Muizenberg 7945
Telephone (021) 787 9800 Facsimile (021) 709 0494

01st September 2013

Dear Participant

My name is Preven Naidoo, a student at the Graduate School of Business and Leadership (GSBL) at the University of Kwa-Zulu Natal (UKZN). I am current studying a Master of Business Administration (MBA).

I would be humbled if you would participate in the study entitled, "Perceptions of Cash Crusaders Private Label Products (Western Cape, City of Cape Town)".

The aim of this study is to understand how customers perceive new products sold by Cash Crusaders (Western Cape, City of Cape Town).

Your involvement in this study is voluntary and you may refuse to participate should you wish. You may also withdraw from the questionnaire at any time. The questionnaire should take 5 minutes of your time to be completed.

The anonymity of records and the confidentiality of the questionnaire identifying you as a participant will be maintained by the GSBL, UKZN.

If you accept the conditions and are willing to participate in the study, kindly tick the box below "I ACCEPT" and then tick to proceed with the questionnaire.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed below.

Name: _____

I ☐ accept.

Sign: _____

Student
Preven Naidoo
083 375 1156

Supervisor
Vikani Funda
0722391075

APPENDIX 2: QUESTIONNAIRE

Objective 1		
1 Race		
	Black	
	White	
	Coloured	
	Indian	
	Other	
2 Gender		
	Male	
	Female	
3 Which city in the Western Cape do you live in?		
	Enter the city	
4 In which age group are you?		
	16-25 years	
	26-30 years	
	31-40 years	
	41-50 years	
	51-60 years	
	61+	
Objective 2		
5 I am aware of Cash Crusaders		
	Yes	
	No	
6 I am aware of the following brands		
You may select more than one		
	Dixon	
	Amber	
	Beyer	
	Jebson	
	Sanchez	
	I do not know these names	
7 I have seen new products for sale in a Cash Crusaders		
	Yes	
	No	
	I have not been into a Cash Crusaders	
8 I bought have a new product from Cash Crusaders in the past 12 months		
	Yes	
	No	
If you answered yes, please continue with the questionnaire. If you answered no, thank you for participating.		
Objective 3		
9 The following brands are well priced		
Dixon	Fully agree	
Amber	Partially agree	
Beyer	Neutral	
Jebson	Partially disagree	
Sanchez	Do not agree	
10 The brands mentioned above are technically good		
Dixon	Fully agree	
Amber	Partially agree	
Beyer	Neutral	
Jebson	Partially disagree	
Sanchez	Do not agree	
11 The following brands are reliable		
Dixon	Fully agree	
Amber	Partially agree	
Beyer	Neutral	
Jebson	Partially disagree	
Sanchez	Do not agree	
12 Cash Crusaders provides good after sales support for the following brands		
Dixon	Fully agree	
Amber	Partially agree	
Beyer	Neutral	
Jebson	Partially disagree	
Sanchez	Do not agree	

Objective 4			
13	Cash Crusaders staff members promote the following brands	Fully agree	
	Dixon	Partially agree	
	Amber	Neutral	
	Beyer	Partially disagree	
	Jebson	Do not agree	
	Sanchez		
14	The new products are appealing in terms of value for money	Fully agree	
		Partially agree	
		Neutral	
		Partially disagree	
		Do not agree	
15	The following brands are easy to find in stores	Fully agree	
	Dixon	Partially agree	
	Amber	Neutral	
	Beyer	Partially disagree	
	Jebson	Do not agree	
	Sanchez		
16	Cash Crusaders staff members explain the benefits of buying the following brands as opposed to established brands	Fully agree	
	Dixon	Partially agree	
	Amber	Neutral	
	Beyer	Partially disagree	
	Jebson	Do not agree	
	Sanchez		
Objective 5			
17	The Cash Crusaders adverts in the media make me aware of their products	Fully agree	
		Partially agree	
		Neutral	
		Partially disagree	
		Do not agree	
18	I regularly receive the Cash Crusaders pamphlets/handouts	Fully agree	
		Partially agree	
		Neutral	
		Partially disagree	
		Do not agree	
19	I regularly receive SMS's from Cash Crusaders	Fully agree	
		Partially agree	
		Neutral	
		Partially disagree	
		Do not agree	
20	Cash Crusaders' TV advertising entices me to visit their stores	Fully agree	
		Partially agree	
		Neutral	
		Partially disagree	
		Do not agree	

APPENDIX 3:

ETHICAL CLEARANCE

From: Wendy Clarke [mailto:Clarkew@ukzn.ac.za]

Sent: 09 September 2013 10:28

To: preven@webmail.co.za; Preven

Cc: vikani.funda@gmail.com

Subject: Provisional approval of ethical clearance

Dear Preven

Your Ethical Clearance application for your MBA Project entitled 'Perceptions of Cash Crusaders Private Label Products' was provisionally approved on 05 September 2013.

You may proceed with your research (conducting your questionnaires/interview).

NB

1. If you at any stage during your research you decide to send questionnaires to a company/organisation where you have not obtained a gatekeepers letter a letter will be required and needs to be submitted to my office.
2. If you change your questionnaire you must submit a copy of the new questionnaire to the committee for approval
3. If you change the title of your research please advise the administrator at your school.

Your form has been forwarded to the Research Office for final approval after which you will be issued an official Ethical Clearance approval letter on which it will indicate your Ethical Clearance number. This will be sent to you by post and a copy will be sent to the school for filing.

Regards

Wendy Clarke

Administrative Officer: Higher Degrees & Research

Graduate School of Business & Leadership

University of KwaZulu-Natal, Westville Campus

Tel: 031 2601626

APPENDIX 4:

TURNITIN ORIGINALITY REPORT

Turnitin Originality Report

Full Submission by Preven Naidoo

From Final draft (Dissertation 2013)



- Processed on 10-Nov-2013 4:52 PM CAT
- ID: 371499130
- Word Count: 21267

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- 1 4% match (student papers from 02-Sep-2012)

Class: MBA2

Assignment:

Paper ID: [264723750](#)

- 2 1% match (student papers from 03-Jul-2013)

[Submitted to Mancosa on 2013-07-03](#)

- 3 1% match (publications)

[British Food Journal, Volume 111, Issue 7 \(2009-07-12\)](#)

- 4 < 1% match (student papers from 02-Dec-2011)

[Submitted to University of KwaZulu-Natal on 2011-12-02](#)

- 5 < 1% match (Internet from 22-May-2009)

<http://derecho.itam.mx/facultad/materiales/prof%20invitados/buscaglia/politicas%20publicas/TABLAS%20ESTAD>

- 6 < 1% match (publications)

[Parment, Anders. "Generation Y vs. Baby Boomers: Shopping behavior, buyer involvement and implications for retailing". Journal of Retailing and Consumer Services. 2013.](#)

- 7 < 1% match (student papers from 10-Jun-2012)

Class: MBA2

25 March 2014

Mr Preven Naidoo (202515125)
Graduate School of Business and Leadership
Westville Campus

Protocol reference number: HSS/1011/013M
Project title: Perceptions of Cash Crusaders Private Label Products

Dear Mr Naidoo,

Approval - Change of supervisor

I wish to confirm that your application dated 12 March 2014 in connection with the above mentioned project has been approved.

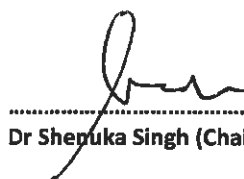
Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach/Methods must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully



Dr Shenuka Singh (Chair)

/ms

cc Supervisor: Mr A Bozas
cc Academic leader Research: Dr E Munapo
cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

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Website: www.ukzn.ac.za



Forming Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville